

ANALYSIS OF TYPES OF AUDITOR'S OPINION OF COMPANIES LISTED ON THE WARSAW STOCK EXCHANGE FROM 2010 TO 2020

Iwona MAZUR-MAŚLANKA

UEK Cracow, Department of Financial Accounting; maslanki@uek.krakow.pl, ORCID: 0000-0003-1888-9875

Purpose: The purpose of this article is to analyse the types of opinions issued by auditors in the Polish audit market.

Design/methodology/approach: the theoretical considerations presented in this publication are based on a critical analysis of the literature on the subject. The empirical part presents an analysis based on audit reports of companies listed on the Warsaw Stock Exchange in the period 2010 - 2020. A total of 4281 audit reports on 506 listed entities were analysed.

Findings: over the analysed years, the share of modified opinions in the total number of issued opinions is successively reduced. At the same time, the proportion of audit reports containing section concerning material uncertainty regarding the going concern issue is increasing.

Originality/value: The publication presents a detailed analysis of audit reports in Poland. It should be emphasised that the analysis carried covers all audits of individual financial statements of public companies in the period under review.

Keywords: opinion types, unmodified opinion, modified opinion, audit market, Big Four.

Category of the paper: Research paper.

1. Introduction

The purpose of an financial audit is to enhance the degree of confidence of intended users in the financial statements. In accordance to International Standards on Auditing (KSB 200 (Z)), this aim is achieved by the expression of an opinion by the auditor on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework. Users of financial statements, including investors trading on the Warsaw Stock Exchange, make their decisions based on the available recommendations of stock market analysts and brokerage houses, but also on the opinion issued by the auditor on the audit of the financial statements (Naruć, 2018)¹. An audit conducted by a certified auditor makes it possible

¹ Compare also: (Pogodzińska-Mizdrak, 2012, p. 12; Wszelaki, 2016).

to eliminate misstatements and frauds in financial statements. The auditor assesses and verifies financial statements impartially, reliably and objectively².

This article presents the results of research on the shape of the auditor's audit opinion. The analysis was carried out on the basis of audit reports of individual financial statements of business entities listed on the Warsaw Stock Exchange. The research included financial data and audit reports of 506 companies, a total of 4281 opinions and audit reports were analysed (opinion and audit report - for audits of financial statements for periods ending before 31.12.2016)³.

Analysed auditors' opinions were divided into unmodified opinions and modified opinions. According to ISA 705 (KSB 705 (Z)) there are three types of modified opinions: qualified opinion, adverse opinion and disclaimer of opinion. In the course of further research, in auditors' reports, containing unmodified opinion and modified opinion, the section concerning material uncertainty regarding the going concern was identified. Additionally, auditors' reports containing unmodified opinion and modified opinion containing emphasis of matter paragraphs concerning other issues than material uncertainty regarding the going concern were distinguished.

The presented results of the analysis are part of a larger study, carried out by the Author of this publication, on the audit market in Poland, covering such issues as: the role of the auditor in making the financial statements credible, concentration of audit market⁴, the inclusion in the opinion and auditor's report of the issue of the threat of going concern⁵, or the importance of key audit matters (KAM)⁶ in communicating to stakeholders the potential risks associated with the operation of the audited business entity.

² Compare also: (Turzyński, 2011).

³ Audits of financial statements prepared for periods ending before December 31, 2016 were conducted in accordance with the requirements of the National Auditing Standards (Krajowe Standardy Rewizji Finansowej, KSRF, adopted by Resolution No. 1608/38/2010 of the National Chamber of Statutory Auditors dated February 16, 2010 on national auditing standards), according to which, on the basis of the audit evidence collected, the auditor prepared an opinion with a report. Audits of the financial statements for periods ending December 31, 2016 and thereafter are conducted in accordance with the National Auditing Standards in the wording of the International Auditing Standards (adopted by Resolution No. 2783/52/2015 of the Polish Chamber of Statutory Auditors dated February 16, 2015 on national auditing standards) and the auditor prepares an independent auditor's report containing the audit opinion.

⁴ Compare also: (Beattie, Goodacre, Fearnley, 2003; Francis, Michas, Seavey, 2013; Groff, Salihovic, 2014; Gad, 2018; Wielgórska-Leszczynska, Zakrzewska, 2020).

⁵ Compare also: (Beaver, 1966; Altman, 1968; Back, Laitinen, Sere, van Wezel, 1996; Hamrol, Czajka, Piechocki, 2004; Korol, 2019).

⁶ Compare also: (Iwanowicz, 2019; Kutera, 2019; Koehler, Ratzinger-Sakel, Theis, 2020; Gold, Heilmann, Pott, Rematzki, 2020; Shao, 2020).

2. Type of the auditor's opinion – audit review

The results of selected studies concerning the shape of the auditor's opinion were presented in the table below, together with an indication of potential factors influencing the auditor's modified opinion.

Table 1.

Selected publications on auditor's modification of opinion

No.	Author/country	Research sample/ years of analysis	Description
1.	E.K. Laitinen, T. Leitinen (Finland)	1992-1994; 37 listed companies, bringing the total to 111 observations	The analysis showed that low profitability, high indebtedness and a decline in the value of the company were the most significant factors having impact on the issuance of a modified opinion by the auditor. Modified opinions accounted for 7.2% of the total respondents.
2.	J.P.S. Ballesta, E. Garcia-Meca (Spain)	Years 1999-2002; 32 companies listed on the Madrid Stock Exchange	The study suggests that having people who are co-owners of an entity on the board of directors has a positive impact on the quality of financial reporting, thereby reducing the likelihood of receiving a modified audit opinion. On the other hand, the presence of family members of co-owners on the board increases the likelihood of a modified opinion.
3.	P.J. Baldacchino, F.H. Bezzina, N. Tabone, J.P. Vassallo (Malta)	Years 2005-2009; auditor's opinions of 374 companies with limited liability	The study indicated that the average modification rate between 2005 and 2009 in Malta was 22.4%, an increase from earlier periods. Research also indicates that the quality of the audit report is lower when the financial statements are audited by an expert from a small (local) audit firm. In addition, the authors analysed repeated in the same companies, in following years, modifications concerning the same areas of the financial statements.
4.	L. Damascene, E. Paulo (Brazil)	Years 2006-2008; 1466 reports on the audit of the financial statements of entities listed on the Sao Paulo Stock Exchange	Among other things, the study indicated that audit firms outside the Big Four were more likely to issue non-modified opinions. The publication also points out that as the market value of audited entity increases, the probability of a modified opinion decreases.
5.	D. Zdolsek, T. Jagric, M. Odar (Slovenia)	Year 2009; 295 large enterprises	The authors indicated that for companies characterized by high debt, low liquidity, efficiency and profitability, the probability of a modified opinion increases. On the other hand, it was revealed that there is no statistical relationship between the analysed metrics individually and the fact of the occurrence of a modified opinion. Modified opinions accounted for 4.5% of the total opinions analysed.
6.	A. Yasar, E. Yakut, M. Murat Gutnu (Turkey)	Years 2010-2013; Data from 130 companies listed on the Istanbul Stock Exchange were analysed Istanbul, making a total of 520 observations.	The study showed that entities with a modified opinion were characterized by lower liquidity ratios, a lower share of equity in assets and lower profitability.

Cont. table 1.

7.	A.M. Włodarczyk, A. Białek-Jaworska (Poland)	Years 2010-2013; 245 companies, total 980 observations	The study showed that the occurrence of a modified opinion is significantly influenced by liquidity, debt, quality of corporate governance, profitability, size of the audited entity and risk of entity bankruptcy, among other factors.
8.	D.H. Pham (Vietnam)	Years 2010-2019; 268 observations - companies listed on the Stock Exchange in Vietnam	The research conducted indicates that among the main factors determining the issuance of an opinion indicating a threat to the entity's going concern can be found (among others): the level of Altman's Z-score model or the incurrence of a loss by the entity.
9.	J.L. Gallizo, R. Saladríguez (Spain)	Year 2012; 48 companies (including 24 entities at risk of collapse)	Among the most significant factors that increase the likelihood of a modified opinion are the persistence of losses and being audited by a small auditing firm. The authors of the study noted that the larger the audit firm, the less likely a modified opinion appears. This fact may indicate that larger audit firms have a greater ability to choose their clients.
10.	M. Moradi, A. Abolghasemi, H. Aghaei, S.D. Ghashti (Iran)	Years 2013-2020; 146 entities listed on the Tehran Stock Exchange throughout the period under review	The authors analysed the issue of the influence of the composition of the Board of Directors of a business entity on the final form of the auditor's opinion. Among other things, the study found that a large number of board members leads to an increase of number of modified opinions. On the other hand, greater independence of the Directorate from the owners results in a decrease of number of modified opinions. At the same time, there was no statistically significant relationship between the number of board terms and the gender of the managers and the shape of the expert opinion.
11.	M. Saaydah, (Jordan)	Year 2015; 104 entities listed on the Amman Stock Exchange	The author analysed the impact of corporate governance on the potential modification of auditor's opinions. The research showed that as the importance of institutional investors in an entity increases, the number of modified opinions decreases. At the same time, it was shown that too many people on the board of directors have a negative impact on the quality of the financial statements, thus raising the threat of modified opinions. In addition, studies have shown that higher subject profitability reduces the risk of a modified opinion.
12.	B. Adiloglu, B. Vuran, (Turkey)	Year 2016; Financial data and audit opinions of 263 non-financial entities listed on the Istanbul Stock Exchange were examined	The authors of the analysis focus on the relationship between financial indicators and the type of auditor's opinion. Among the factors limiting the risk of a modified opinion were identified: - An increase in ROE or ROA ratios, - audit of financial statements by an auditor from the BIG 5 (the phrase used by the study's authors).
13.	A. Pabrić (Bosnia and Herzegovina)	Years 2018-2021; 689 audit reports were examined.	Within the framework of the conducted research, the author analysed the frequency of occurrence in the audit report - the emphasis of matter paragraph. Among the analysed audit reports, this paragraph appeared in 22.5% of cases. More often the mentioned paragraph occurred in the case of the issuance of a modified opinion by the auditor. The analysis further revealed that in some cases the expert replaced the modified opinion - with an emphasis of matter paragraph.

Source: own compilation based on: (Adiloglu, Vuran, 2017; Baldacchino, Bezzina, Tabone, Vassallo, 2020; Ballesta, Garcia-Meca, 2005; Damascena, Paulo, 2013; Gallizo, Saladríguez, 2016; Laitinen, Leitinen, 1998; Moradi, Abolghasemi, Aghaei, Ghashti, 2024; Pham, 2022; Pabrić, 2024; Saaydah, 2020; Włodarczyk, Białek-Jaworska, 2018; Yasar, Yakut, Gutnu, 2015; Zdolsek, Jagric, Odar, 2015).

Modified opinions in the audit reports, depending on the country and the analysed period, usually occur in a few (Laitinen, Leitinen, 1998; Zdolsek, Jagric, Odar, 2015; Adiloglu, Vuran, 2017) to a dozen percent of the analysed cases (Baldacchino, Bezzina, Tabone, Vassallo, 2020). Among the factors raising the probability of occurrence of modified opinion, the authors of selected publications point to low profitability (losses, persistent negative financial results), high debt or low liquidity (Laitinen, Leitinen, 1998; Zdolsek, Jagric, Odar, 2015; Włodarczyk, Białek-Jaworska, 2018). On the other hand, in selected studies (Adiloglu, Vuran, 2017) (Saaydah, 2020) it was confirmed that as profitability indicators increase, the percentage of modified opinions decreases.

The analyses also indicate that modified opinions occur more frequently in the case of audits by auditors outside the "Big Four" (Damascena, Paulo, 2013; Gallizo, Saladrigues, 2016; Adiloglu, Vuran, 2017; Baldacchino, Bezzina, Tabone, Vassallo, 2020). Such an observation may indicate that larger audit firms have a greater ability to choose their clients.

A separate group of studies concerns the relationship between the quality of a business entity's management and the shape of the auditor's opinion on the financial statements. Selected studies present that the independence of the management from the owners reduces the occurrence of modified opinions (Moradi, Abolghasemi, Aghaei, Ghashti, 2024).

3. Research sample and methodology of the study

The independent auditor's audit reports and financial statements of the analysed business entities were obtained from the following sources:

- The websites of individual public companies.
- EMIS Intelligence Region database.
- Notoria Online databases.
- Public company announcements from ESPI/EBI systems available to the Economic Service of the Polish Press Agency (www.biznes.pap.pl/pl/reports).
- Warsaw Stock Exchange website.

The analyses carried out were based on the independent auditors' reports on audits of individual financial statements (audit opinions and reports - for audits of financial statements for periods ending before December 31, 2016) and individual financial statements of companies listed on the Warsaw Stock Exchange from 2010 to 2020. The auditors' reports were obtained manually in each case.

As a result of the initial selection, audit reports and financial statements of business entities based outside Poland and listed on the Warsaw Stock Exchange were omitted. Such entities were omitted because their financial statements were subject to audit conducted by an auditor in the country where the entity's headquarters are located. In addition, it should be pointed out

that in the case of small group of observations during the period under review, audit reports (or opinions with report) were not available.

Finally, auditors' reports of 506 entities that were listed on the Warsaw Stock Exchange for at least one year in the mentioned period, i.e. from 2010 to 2020, were analysed. It should be noted that some of the entities were listed on the WSE during the entire analysed period (thus, auditors' reports and financial statements of these entities for 11 years were available)⁷, some of the entities only in selected years. A total of 4281 auditors' reports were analysed.

The table below summarizes the number of auditors' reports analysed in each of the years under review.

Table 2.

Number of auditors' reports of listed companies analysed for 2010-2020

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Number of auditors' reports *	350	373	376	381	398	413	420	408	396	391	375	4281

* for audits of financial statements of public interest entities covering periods ending before December 31, 2016 - opinion with report).

Source: own compilation.

4. The results of the research conducted

In this section the Author presents and analyses the structure of the auditor's opinions on individual financial statements of companies listed on the Warsaw Stock Exchange in the period 2010-2020, divided into unmodified and modified opinions.

Over the 11 years, 3988 unmodified opinions and 293 modified opinions were identified, representing 93.2% and 6.8% of the total opinions issued, respectively.

The following tables show the share of unmodified and modified opinions in each year of the analysed period. As can be observed, the share of modified opinions among the total opinions over the analysed period ranged from 4.1% in 2019 to 8.5% in 2012.

Table 1.

Unmodified and modified auditor's opinions on individual financial statements of entities listed on the Warsaw Stock Exchange for 2010-2020

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Unmodified	323	347	344	349	371	381	390	383	367	375	358	3988
Modified	27	26	32	32	27	32	30	25	29	16	17	293
Total	350	373	376	381	398	413	420	408	396	391	375	4281

Source: own elaboration.

⁷ Among the entities that have been listed on the Warsaw Stock Exchange throughout the period under consideration, i.e. 2010-2020, and thus their financial statements and audit reports (previously opinion and report) are available, for example: Agora SA, Apator SA, CD Projekt SA, Fabryka Mebli Forte SA, Giełda Papierów Wartościowych SA.

Table 2.

Unmodified and modified auditor's opinions on individual financial statements of entities listed on the Warsaw Stock Exchange for 2010-2020 (%)

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Unmodified	92,3	93,0	91,5	91,6	93,2	92,3	92,9	93,9	92,7	95,9	95,5	93,2
Modified	7,7	7,0	8,5	8,4	6,8	7,7	7,1	6,1	7,3	4,1	4,5	6,8
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: own elaboration.

Analysing the above data, it should be noted that after the implementation of the International Standards on Auditing into the Polish legal system (the period ending December 31, 2016 was the first period in which audit firms auditing public interest entities obligatorily applied the National Auditing Standards in the wording of the International Standards on Auditing), the share of modified opinions is decreasing. Among audit opinions for the period from 2010 to 2015, modified opinions accounted for 7.7% of total opinions, while in the period from 2016 to 2020 they accounted for 5.9% of total opinions. It should be noted that in the case of audit reports for 2019-2020, there was a significant decrease in the share of modified opinions in the total number of opinions issued, which amounted to 4.1% and 4.5%, respectively, which could indicate an improvement in the quality of the audited individual financial statements.

Table 3.

Structure of unmodified and modified opinions expressed on the individual financial statements of entities listed on the Warsaw Stock Exchange in the periods 2010-2015 and 2016-2020 (in %)

	2010-2015	2016-2020
Unmodified opinions	92,3	94,1
Modified opinions	7,7	5,9
Total	100,0	100,0

Source: own elaboration.

The types of opinions are presented below, along with an indication of in which case the auditor expresses an unmodified opinion and in which case modifies the audit opinion.

Table 4.

Types of opinions expressed by the auditor on financial statements

Opinion	Modification type	KSB 700, 705
unmodified	lack of modifications	The auditor expresses an unmodified opinion when he concludes that the financial statements have been prepared, in all material respects, in accordance with the applicable financial reporting framework.
modified	qualified opinion	The auditor expresses a qualified opinion when: - having obtained sufficient and appropriate audit evidence, the auditor concludes that misstatements individually or in the aggregate are material, but not pervasive to the financial statements or - the auditor is unable to obtain sufficient and appropriate audit evidence on which to base the opinion, but auditor concludes that the possible impact on the financial statements of any undetected misstatements, if any, could be material, but not pervasive.

Cont. table 6.

	adverse opinion	The auditor expresses an adverse opinion when, having obtained sufficient and appropriate audit evidence, the auditor concludes that the misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.
	disclaimer of opinion	The auditor disclaims an opinion when auditor is unable to able to obtain sufficient and appropriate audit evidence on which to base the opinion, and auditor concludes that the possible impact on the financial statements of undetected misstatements, if any, could be both material and pervasive.

Source: own compilation based on KSB 700 and KSB 705 (Z).

In the next table, the structure of modified opinions on the audited financial statements of the analysed entities over the period 2010-2020 is presented.

During the period under review, 202 qualified opinions, 6 adverse opinions and 85 disclaimer of opinions were identified. It should be noted that adverse opinions were identified in the 2017-2020 audit reports.

Table 5.

Unmodified and modified opinions (distinguishing qualified opinion, adverse opinion and disclaimer of opinion) expressed on the individual financial statements of companies listed on the Warsaw Stock Exchange in the period 2010-2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Opinion unmodified	323	347	344	349	371	381	390	383	367	375	358	3988
Qualified opinion	26	21	20	19	17	24	19	17	19	10	10	202
Adverse opinion	0	0	0	0	0	0	0	1	2	2	1	6
Disclaimer of opinion	1	5	12	13	10	8	11	7	8	4	6	85
Total	350	373	376	381	398	413	420	408	396	391	375	4281

Source: own elaboration.

At the same time, it should be pointed out that modified opinions (293) over the years 2010-2020 occurred in 120 analysed entities, which is nearly 2.5 modified opinions per entity. Thus, it should be pointed out that in the case of 76.3% of the considered companies listed on the Warsaw Stock Exchange, in all the years under analysis, the auditor expressed an unmodified opinion on the individual financial statements.

In the analysed population, there were cases where the audited entity received a modified opinion only once during the period. Examples of such entities include Grupa Żywiec SA, which received an qualified opinion on the separate financial statements for 2010, or Decora SA also for 2010, Makarony Polskie SA for 2011 and Kino Polska TV SA for 2015. On the other hand, it should be emphasized that in the population of analysed entities there were such entities that received a modified opinion for several consecutive years. Among them, there are also those that received an qualified opinion concerning the same area in consecutive periods. Examples of such entities include: Bioton SA, Orbis SA, Mostostal Warszawa SA, Scotan SA⁸.

⁸ The issue of reproducibility of modifications has been analysed in publications such as: (Baldacchino, Bezzina, Tabone, Vassallo, 2020).

In the course of the analysis, the audit reports were further subdivided due to the audit reports containing emphasis of matter paragraphs and audit reports including section concerning material uncertainty regarding the going concern⁹.

According to KSB 706 (KSB 706 (Z)), the auditor shall include an emphasis of matter paragraph in the audit report in which auditor includes a reference to a matter that auditor believes is so important that it is fundamental to users' understanding of the financial statements. It should be emphasized that such a paragraph does not constitute a modification of the opinion. Thus, in the course of the analyses, audit reports containing an unmodified opinion and a qualified opinion, which additionally contain the above-described paragraph, were identified.

As required by KSB 700 "Formulation of Opinions and Reporting on Financial Statements" (KSB 700 (Z)), going concern matters must be reported by the auditor in accordance with KSB 570 "Going Concern" (KSB 570 (Z)). If, in the auditor's opinion, the going concern assumption is reasonable, but there is significant uncertainty about going concern, the audit report shall include a section titled "Existence of significant uncertainty about going concern", in which the auditor shall draw attention to a note in the financial statements in which the entity's management has made an appropriate disclosure. In this section, the auditor includes a statement that the circumstances or conditions described indicate that there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. It should be emphasized that drawing attention to a note that discloses a significant uncertainty does not constitute a modification of the opinion.

In the course of the analysis, among the audit reports containing an unmodified opinion and a qualified opinion, audit reports were distinguished that additionally contain the aforementioned section concerning the existence of a material uncertainty regarding going concern, in which the auditor draws attention to this information. Taking into account the above analysis, the following types were distinguished among the audit reports containing an unmodified opinion in the course of the study:

- unmodified opinion without drawing attention,
- opinion unmodified with emphasis of matter paragraph (drawing attention to an issue other than material uncertainty regarding going concern),
- opinion unmodified with drawing attention to the material uncertainty regarding going concern.

In the case, where the audit report included attention to both material going concern uncertainty and an issue other than material going concern uncertainty, in such a situation, the auditor's report was classified for audit purposes as a report containing an unmodified opinion with attention to material going concern uncertainty.

⁹ The frequency of occurrence in the study report - explanatory paragraph, among other things, was the subject of the following studies: (Pabrić, 2024).

As for modified opinions, in the course of the research, the following types were distinguished among the audit reports containing a modified opinion:

- a qualified opinion,
- a qualified opinion with emphasis of matter paragraph (drawing attention to an issue other than material uncertainty regarding the going concern),
- a qualified opinion with drawing attention to the material uncertainty regarding the going concern,
- adverse opinion,
- disclaimer of opinion.

Where an audit report containing a qualified opinion included attention to both material going concern uncertainty and an issue other than material going concern uncertainty, in such a situation the auditor's report was classified as a qualified opinion report with attention to material going concern uncertainty.

With regard to the proposed breakdown, among the audit reports containing unmodified opinions, there were 3,043 unmodified opinions without any additional paragraphs, 621 unmodified opinions with attention to an issue other than material uncertainty about the entity's ability to continue as a going concern, and 324 unmodified opinions with attention to material uncertainty about the entity's ability to continue as a going concern.

The following section presents the percentage share of adopted types of unmodified opinions in total unmodified opinions by two sub-periods, that is, 2010-2015 and 2016-2020. As can be observed, comparing the two sub-periods, the shares of unmodified opinions containing additional paragraphs changed significantly. Thus, the percentage share of unmodified opinions with emphasis of matter paragraph (drawing attention to an issue other than material uncertainty regarding going concern) decreased (from 18.4% to 12.3%). At the same time, in the case of unmodified opinions, the occurrence of paragraph concerning material uncertainty regarding going concern increased (from 6.3% to 10.2%).

Table 6.

Structure of unmodified opinions expressed on the individual financial statements of entities listed on the Warsaw Stock Exchange for 2010-2015 and 2016-2020 in percentage terms

Opinion unmodified	2010-2015	2016-2020
Opinion unmodified without drawing attention	75,3%	77,5%
Opinion unmodified with emphasis of matter paragraph (drawing attention to an issue other than material uncertainty regarding the going concern)	18,4%	12,3%
Opinion unmodified with drawing attention to material uncertainty regarding going concern	6,3%	10,2%
Total	100,0%	100,0%

Source: own elaboration.

With reference to the breakdown presented earlier, among the audit reports (formerly opinions and reports) containing modified opinions, there were 102 qualified opinions without any attention drawn, 36 qualified opinions with emphasis of matter paragraph, and 64 qualified opinions with drawing attention to material uncertainty regarding going concern. In addition, as previously indicated, 6 adverse opinions and 85 cases of Disclaimer of opinion were identified in the period from 2010 to 2020.

Table 7.

Modified opinions on separate financial statements of entities listed on the Warsaw Stock Exchange for 2010-2020

Opinion modified	Number of opinions for 2010-2020
Qualified opinion without drawing attention	102
Qualified opinion with emphasis of matter paragraph (drawing attention to an issue other than material uncertainty regarding the going concern)	36
Qualified opinion with drawing attention to material uncertainty regarding going concern	64
Adverse opinion	6
Disclaimer of opinion	85
Total	293

Source: own elaboration.

The next table shows the percentage share of the types of modified opinions adopted in this study in the total modified opinions by two sub-periods, that is, 2010-2015 and 2016-2020. As can be observed, comparing the two sub-periods, among the modified opinions, the percentage of opinions without drawing attention significantly decreased (from 39.8% to 27.4%). Similarly, the percentage of qualified opinions with emphasis of matter paragraph declined (from 15.9% to 6.8%). At the same time, the frequency of the occurrence of drawing attention to material uncertainty regarding going concern significantly increased for qualified opinions (from 16.5% to 29.9%).

Summarizing the analysis carried out, it should be emphasized that, both in the case of unmodified and qualified opinions, an increase in the incidence of audit reports containing attention to material uncertainty regarding going concern is observed. This increase was particularly evident in the audit reports for 2019, which was the first year of the COVID-19 pandemic and, consequently, for many business entities, a going concern risk was identified, resulting mainly from the occurrence of external macroeconomic factors¹⁰.

As for adverse opinions, no such type was identified in the period 2010-2015, while in the period from 2016 to 2020, 6 negative opinions on individual financial statements were identified (and in this period they accounted for 5.1% of the total modified opinions).

¹⁰ Similar conclusions can be found in a report prepared by Grant Thornton titled (*Audit of listed companies...*, 2021).

Table 8.

Structure of modified opinions expressed on separate financial statements of companies listed on the Warsaw Stock Exchange for 2010-2015 and 2016-2020 (in %)

Opinion modified	2010-2015	2016-2020
Qualified opinion without drawing attention	39,8	27,4
Qualified opinion with emphasis of matter paragraph (drawing attention to an issue other than material uncertainty regarding the going concern)	15,9	6,8
Qualified opinion with drawing attention to material uncertainty regarding going concern	16,5	29,9
Adverse opinion	0,0	5,1
Disclaimer of opinion	27,8	30,8
Total	100,0	100,0

Source: own elaboration.

5. Conclusions

In the study 4,281 audit reports (formerly audit opinions and reports) were analysed. They concerned 506 joint stock companies.

The research identified 3988 unmodified opinions and 293 modified opinions. The percentage of modified opinions accounted for 6.8% of total number of opinions. This percentage is similar to the results of studies cited by other authors (see: Laitinen, Leitinen, 1998; Zdolsek, Jagric, Odar, 2015).

However, it should be emphasised that in recent years, following the implementation of International Standards on Auditing into the Polish legal system, the proportion of modified opinions was gradually decreasing. On the other hand, in 2016-2020, the percentage of audit reports including attention to material uncertainty regarding going concern was increasing.

Further research by the author of this publication will focus on the interdependencies between the development of financial analysis indicators (including financial liquidity, profitability, debt, and bankruptcy prediction models) and the frequency of occurrence of modified opinions in audit reports.

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