

TYPES OF AUDITOR'S REPORT

Compiling the audit report is the final stage of the audit. The auditor's report is an official document certified by the signature and seal of the auditor or audit firm, which is drawn up in accordance with the established procedure and contains a conclusion regarding the reliability of the reporting, completeness and compliance with the current legislation and the established accounting standards of financial and economic activity.

An auditor's report is a document drawn up by an auditor after conducting an audit of the company's accounting and financial statements. This report contains conclusions and recommendations regarding the reliability and completeness of the company's financial statements, as well as an assessment of the effectiveness of its internal control and management processes. An important part of the auditor's report is the auditor's opinion on whether the company's financial statements meet established criteria (for example, international financial reporting standards).

In accordance with the Law of Ukraine «On the Audit of Financial Statements and Audit Activity», an audit report is a document prepared by the subject of audit activity in accordance with international auditing standards and the requirements of the Law based on the results of the audit of financial statements (consolidated financial statements, combined financial statements) [1].

The auditor's report is signed by an auditor who conducts audit activities as a natural person – an entrepreneur, or conducts independent professional activities in the case of conducting an audit alone, or, at least, as a key partner in the case of conducting an audit by an auditing firm. [1].

Conceptual bases in its compilation can be laws and other normative legal acts of Ukraine, national regulations (standards) of accounting, internal requirements and regulations of economic entities, other sources.

Each standard has its own purpose and features, but the general requirements are that the auditor's report should contain a clearly formulated opinion on the financial statements. This requirement stems from the purpose of the audit, which is to provide the auditor with an opportunity to express an opinion [3, p. 55].

Elements (sections) of the audit report: Title, Addressee, Introductory or opening paragraph, Paragraph describing the scope, Paragraph in which the auditor's opinion is expressed, Date of conclusion, Auditor's address, Auditor's signature,

The auditor's report, in fact, is the bridge through which the auditor, who possesses a significant amount of information, conveys it to users in a concise form.

The main requirement for the audit report is its comprehensibility and accessibility to information users.

Table 1. Conditions for modifying the auditor's opinion in accordance with ISA 705

Type of report	
Certainly-positive auditor's report	The auditor has obtained sufficient appropriate audit evidence and has concluded that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework. From a practical point of view, an unconditionally positive report is drawn up when, in the opinion of the auditor, the following requirements have been met: – the auditor has received all the information and explanations necessary for the purposes of the audit; – the provided information is sufficient to reflect the real state of affairs at the enterprise; – there are adequate and reliable data on all essential issues; – financial documentation is prepared in accordance with the accounting system adopted by the enterprise, which meets the requirements of Ukrainian legislation; – financial statements are prepared on the basis of valid accounting data and do not contain significant deviations; – the financial statements are drawn up properly according to the form approved in the prescribed manner
A qualified opinion	An auditor's report, which contains a qualified opinion, is drawn up if – the auditor has obtained acceptable audit evidence in sufficient volume and, based on it, has come to the conclusion that, taken separately or in the aggregate, the misstatements are material, but not all-encompassing in relation to the financial statements; or – the auditor cannot obtain acceptable audit evidence sufficient to support an opinion, but concludes that the possible effect on the financial statements of undetected misstatements, if any, may be material but not all-encompassing
Negative	The auditor obtained sufficient acceptable audit evidence to conclude that the misstatements, taken individually or in the aggregate, are both material and pervasive to the financial statements
Refusal to provide a report	A disclaimer of opinion is noted in the audit report if: <ul style="list-style-type: none"> • the auditor is unable to obtain acceptable audit evidence sufficient to support the opinion and concludes that the possible effect on the financial statements of undetected misstatements, if any, may be both material and pervasive; or • in extremely rare circumstances, the auditor concludes that, despite obtaining sufficient acceptable audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements

Source: compiled by the authors based on [4].

The auditor's report expresses the independent opinion of the auditor regarding the reliability of financial statements, their completeness and compliance with current

legislation. That is why its quality and objectivity depends on the auditor's understanding of the essence and requirements for the preparation of the audit report.

The content and form of the audit report depends on two factors: the audit task and the type of audit opinion.

According to the materiality of the misstatements that the auditor will discover as a result of the audit, he can provide two types of audit report:

1) unmodified opinion – an unconditionally positive audit report, it is also called standard;

2) a modified report (according to the requirements of ISA 705 «Modifications of the opinion in the independent auditor's report», namely: a qualified opinion, an adverse opinion and a disclaimer of opinion), which, along with the above elements, contains an explanatory paragraph in which the reasons for the difference of opinion are disclosed from definitely positive.

Requirements for the content of the audit report are presented in Table 1.

The auditor's report is intended for a wide range of users, its publication is evidence that the client's annual accounting report, both as a whole and in all parts, complies with current legislation of Ukraine, accounting rules are reliable.

The auditor's report is the only communication channel between the auditor, external users and owners of the enterprise, whose financial statements were verified by the auditor.

An auditor's report is an important tool for various stakeholders, such as investors, creditors, government bodies and the company itself, as it provides an objective assessment of financial reporting and internal control processes.

REFERENCES

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