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# Justifications for the Modified Opinions and for Other Observations in the Audit Reports

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## Abstract

*The purpose of this paper is to identify and to comment the main justifications of modified audit opinions and the main observations included in the emphasis of matter paragraphs from the audit reports of Romanian companies listed on the regulated market of Bucharest Stock Exchange (BSE). The authors analyze a sample of more than 1,000 observations-year for the 2007-2019 period. They found that 25% of these reports contain a modified opinion and the main explanations relate to the revaluations of fixed tangible assets, to the provisions, to the impairment of the fixed assets, to some legal issues, to items concerning the closing inventory and, to a lesser extent, to the going concern matters. In 30% of the reports analyzed, there was identified emphasis of matter paragraphs; the main observation is by far related to the going concern, followed by the financial and operating difficulties of companies and by the effects of different global crisis (financial or others).*

**Keywords:** *audit reports, (un)modified opinion, justifications, emphasis of matter paragraphs, Romanian listed companies*

**JEL Classification:** *M41, M42*

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