



AUDITING SUMMARY: ISA 700 “FORMING AN OPINION AND REPORTING ON FINANCIAL STATEMENTS” AND ISA 705–706

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Abstract

The article comprehensively examines the process of forming an audit opinion and reporting in accordance with the requirements of International Standards on Auditing ISA 700 (Revised), ISA 705 (Revised), and ISA 706 (Revised). It analyzes types of audit opinions (unmodified, qualified, adverse, disclaimer of opinion), mandatory sections of the auditor's report, Key Audit Matters, Emphasis of Matter and Other Matter paragraphs, and special requirements applied in cases of modification and emphasis. The relevance of these standards as of 2025 and their practical application are illustrated with examples.

Keywords: Audit opinion, ISA 700, ISA 705, ISA 706, unmodified opinion, qualified opinion, adverse opinion, disclaimer of opinion, Key Audit Matters (KAM), Emphasis of Matter, Other Matter, financial statement audit, International Standards on Auditing, independent auditor's report.

Introduction

Modern economy under the circumstances financial reports reliability and transparency investors, creditors, government organs and other interested sides for very important importance profession Auditing financial statement (auditor's report) reports international compliance with standards (IFRS/MFRS) and their real the situation reflection to represent about independent auditor's professional opinion represents.

Uzbekistan In the Republic auditing activity increasingly international to standards is approaching. In particular, in the ISA 700 (Forming an Opinion and Reporting on Financial Statements) standard auditor's idea formation and report to compose issues in detail order put in And ISA 705 (Modifications to the Opinion) of thought changed forms (qualified, adverse, disclaimer), and ISA 706 (Emphasis of Matter and Other



Matter paragraphs) financial to reports impact not doing , but users attention attraction to do necessary was important issues how highlight necessary defines .

This of the article The purpose of ISA 700, 705 and 706 is to main requirements analysis to do and their auditing conclusion in formation instead is to show . Tasks the following :

Theoretical the basics to study ;

Practical aspects analysis to do ;

Offers to give

Auditing conclusion financial reports audit the most important from the stages one is the auditor 's financial reports reliability about his/her opinion International Standards on Auditing (ISA) are the process order ISA 700 (Revised) formation and report to give defines , ISA 705 (Revised) modified opinions , and ISA 706 (Revised) emphasized issues and other issues departments order This standards by the IAASB (International Auditing and Assurance Standards Board). working issued and updated in 2015 , some in 2023 changes included (e.g. , ethics) requirements adaptation). As of 2025 according to the standards main requirements unchanged , but some in countries (for example , Israel) new versions current This is being done . article this of standards main requirements seeing comes out and auditing in practice their application analysis does .

ISA 700 — auditing report main standard the auditor 's financial reports according to idea formation and him/her writing in the form expression responsibility order Standard requirements according to , auditing conclusion following main elements own inside to receive need :

Auditor's independent opinion ;

Of the investigation basis for opinion;

Auditor's responsibility and management responsibility ;

Other legal requirements according to information (if available) if).

Standard after December 15, 2016 expiring periods for applies and The report should include a “clean/unmodified opinion” (clean/unmodified opinion) (thought) form is considered basic .

ISA 700 (Revised): The auditor's opinion formation and financial reports according to report to give

ISA 700 Auditor's financial reports according to idea to report and report preparation obligations The standard defines The auditor's objective is financial reports relevant



financial report framework (e.g. IFRS) compatibility assessment and to users clear report presented is to reach .

Auditor's opinion formation Requirements :

Auditor financial reports total in terms of relevant to the frame compatibility evaluates . This auditor is enough for and appropriate audit evidence receipt , errors (fraud or mistake because of) assessment required (to ISA 330 and ISA 450) mainly. In evaluation the following into account is taken : accounting of the policy compatibility , calculations logicality , openness sufficiency , financial reports structure and content .

Financial statements in "fair presentation" frameworks (e.g. IFRS) reports fair presented to be If the reports to the frame appropriate if , unmodified opinion is reported ; reflected without , according to ISA 705 modification will be done .

Auditor permanent going concern (ISA 570) basically) and if the problem if , in the report emphasizes .

Report structure Requirements :

Report writing in the form be , the title should be "Independent Auditor's Report" need .

Home sections :

Opinion Section : Financial reports to the frame compatibility means (for example , "present fairly, in all material respects").

Basis for Opinion: Auditing to ISA compatibility , independence and evidence enough confirms .

Key Audit Matters (KAM): Quotation done companies for mandatory (to ISA 701) mainly), most important audit matters describes .

Management's Responsibilities : report preparation , interior control and going concern assessment obligations describes .

Auditor's Responsibilities: Auditor's goals , risks assessment , procedures and going concern conclusion in detail statement This section does in the report , in the appendix or on the website to be possible .

Other Reporting Responsibilities: Statutory to the requirements related section , if any if . Report auditor name , signature , address and date with The law is final . demand if it does , report shape changeable possible , but minimal elements is stored . This requirements of the auditor's report transparency provides and to users financial of information reliability to evaluate help gives .



ISA 705 (Revised): Requirements in the Auditor's Report the idea modification to do ISA 705 Auditor's Opinion modification to do circumstances and forms defines . Modification financial in reports serious errors or enough evidence absence because of to the surface is coming .

Modification types and cases :

Qualified Opinion: Misstatements or evidence shortage material , but not pervasive For example , one on account mistake whole to the report impact if not .

Adverse Opinion: Errors material and if pervasive (all the report Auditor reports to the frame appropriate that it is not indicates .

Disclaimer of Opinion: Evidence shortage material and if pervasive or one how many uncertainties because of idea to inform impossible The auditor has never how idea does not indicate .

Report in the structure changes :

"Opinion" section is renamed to "Qualified Opinion", "Adverse Opinion" or "Disclaimer of Opinion" .

"Basis for Opinion" section modification causes (of errors) description , quantity , effect) in detail statement does and "Basis for Qualified Opinion" and etc. is called .

Auditor's responsibility in the event of a disclaimer department limited will be ; KAM and other sections take to be thrown away possible .

Management with discussion to do and if the constraint if , from the audit exit seeing is released .

Modification report to users financial reports problems indicates and company to the reputation impact to do possible .

ISA 706 (Revised): Reporting emphasized issues and other issues departments

ISA 706 in the auditor's report additional information highlight for used , idea modification without doing .

Highlighted Emphasis of Matter section :

Financial in reports presented done or opened issue emphasizes that if it users understand is fundamental for (for example , the following events , court works , new standards early application , natural disasters) .

Requirements : Opinion modification if not done and the issue is not LESS if The section is called " Emphasis of Matter" and from Basis for Opinion then will be placed .



Other Other Matter section :

Audit, auditor's responsibility or report about other issue emphasizes (for example , the audit scope limitations , previous auditor's report , additional frames , from the report use restrictions).

Requirements : Law unless prohibited and the issue is not LESS if The section is called " Other Matter" and relevant in place (for example , from Other Reporting Responsibilities) then) is placed .

Structure and examples :

Every one department issue describes , financial in reports place shows and idea modification that it was not done indicates .

Examples : Emphasis – financial in reports fire about note ; Other – report only certain users for intended .

Management with discussion to do mandatory .

This sections of the report transparency increases and to users additional context gives .

Conclusion

ISA 700, 705 and 706 standards auditing conclusion quality Provides : ISA 700 standard report , ISA 705 problematic circumstances , ISA 706 additional emphasis order In 2025 , this standards in global practice main become remains , but as a going concern (ISA 570) related of standards new versions (from 2026) impact to do possible . Auditors this to the requirements compliance to do through financial reports reliability increases and investors , regulators for value creates . In practice this standards professional suspicion of application and to ethics justification need .

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