



Republika e Kosovës  
Republika Kosova  
Republic of Kosovo



Zyra Kombëtare e Auditimit  
Nacionalna Kancelarija Revizije  
National Audit Office

# AUDIT REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF THE PRIVATISATION AGENCY OF KOSOVO FOR 2024

Prishtina, May 2025

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# 1 Audit Opinion

We have completed the audit of the financial statements of the Privatisation Agency of Kosovo for the year ended on 31 December 2024 in accordance with the Law on the National Audit Office of the Republic of Kosovo and International Standards of Supreme Audit Institutions (ISSAIs). The audit was mainly conducted to enable us to express an opinion the financial statements and conclusion on compliance with authorities<sup>1</sup>.

## Unmodified opinion on annual financial statements

We have audited the annual financial statements of Privatisation Agency of Kosovo (PAK), which comprise the statement of cash receipts and payments; budget execution report; and explanatory notes to financial statements, including a summary of significant accounting policies and other reports<sup>2</sup>, for the year ended as of 31 December 2024.

In our opinion, the annual financial statements of Privatisation Agency of Kosovo, give a true and fair view in all material respects, in accordance with International Public Sector Accounting Standards under cash-based accounting.

## Basis for Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. NAO is independent from the auditee, in accordance with INTOSAI-P-10, ISSAI 130, NAO Code of Ethics, and other requirements relevant to our audit of the budget organisations' AFS. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusion on compliance

We have also audited whether the processes and underlying transactions are in compliance with the established audit criteria arising from the legislation applicable for the auditee as regards making use of financial resources.

In our conclusion, transactions carried out in the process of execution of PAK budget have been, in all material respects, in compliance with the established audit criteria arising from the legislation applicable for the auditee as regards making use of financial resources.

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<sup>1</sup> Compliance with authorities – compliance with all the public sector laws, rules, regulations, and relevant standards and good practices

<sup>2</sup> Other reports are required under Article 8 of Regulation no.01/2017 on Annual Financial Report

## **Basis for the conclusion**

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. NAO is independent from the auditee in accordance with INTOSAI-P-10, ISSAI 130, NAO Code of Ethics, and other requirements relevant to our audit of the budget organisations' AFS. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### ***Responsibilities of Management and Those Charged with Governance for the Annual Financial Statements***

The Managing Director of PAK is responsible for the preparation and fair presentation of financial statements in accordance with the International Public Sector Accounting Standards – Financial reporting under the cash basis of accounting. In addition, the Managing Director of PAK is responsible for establishing internal controls which he determines are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. This includes the fulfilment of requirements of the Law no.03/L-048 on Public Finance Management and Accountability and Regulation no.01/2017 on Annual Financial Reporting of Budget Organisations.

The Managing Director of PAK is responsible to ensure the oversight of the Privatisation Agency of Kosovo 's financial reporting process.

### **Management's Responsibility for Compliance**

Privatisation Agency of Kosovo 's management is also responsible for the use of Privatisation Agency of Kosovo 's financial resources in compliance with the Law on Public Financial Management and Accountability, and all other applicable rules and regulations.<sup>3</sup>

### **Auditor General's Responsibility for the audit of AFS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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<sup>3</sup> Collectively referred to as compliance with authorities

Our objective is also to express an audit opinion on compliance of respective Privatisation Agency of Kosovo 's authorities with the applicable policies, rules and regulations as regards making use of financial resources of the audited organisation.

As part of an audit in accordance with the Law on NAO and ISSAIs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Identify and assess the risks of non-compliance with authorities, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion on compliance with authorities. The risk of not detecting an incidence of non-compliance with authorities resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Privatisation Agency of Kosovo 's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves true and fair presentation.

We communicate with management and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The audit report is published on the NAO's website, except for information classified as sensitive or other legal or administrative prohibitions in accordance with applicable legislation.

## 2 Findings and recommendations<sup>4</sup>

During the audit, we identified areas for potential improvement, including internal controls, which are presented below in the form of findings and recommendations for your consideration.

In 2024, PAK spent €4,552,894 or 97% of the final budget, an increase of 3% compared to the previous year. However, the issues for improvement which we identified during the audit are: dysfunctional e-assets system; and the appointment and compensation by the Board of Directors of the commission for assessment and reporting of management performance by running afoul of the legal requirements.

This report has resulted two (2) recommendations, one (1) new recommendation and one (1) repeated recommendation. We will follow up on these recommendations during next year's audit.

For the status for the previous years' recommendations and their level of implementation see Chapter 4.

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<sup>4</sup> Issue A and Recommendation A means new issue and recommendation  
Issue B and Recommendation B means repeated issue and recommendation  
Issue C and Recommendation C means partly repeated issue and recommendation

## 2.1 Other financial management and compliance issues

### 2.1.1 Wages and Salaries

The final budget for wages and salaries in 2024 was €3,466,480, which was fully spent. According to the budget, the number of employees was 242, whilst by the yearend their number was 209 and eight (8) Board members. During 2024, four (4) new recruitments were carried out.

#### **Issue A1 - Appointment by the Board of Directors of the Commission for Assessment and Reporting of Management Performance running afoul of the legal requirements**

##### **Finding**

Pursuant to the Law no.04/L-034 on Privatisation Agency of Kosovo, Article 15, paragraph 1, the Board shall have general responsibility for the activities of the Agency and shall take, in the fulfilment of this responsibility, any action required or permitted by the present Law. Meanwhile paragraph 2 of the same article stipulates that the following decisions of the Board shall be taken by a qualified majority and may not be delegated to any person, whilst paragraph 2.16 further states that another responsibility of the Board is to approve the performance of the Management on the basis of the annual audit report.

On 7 August 2024, the Board of Directors (BD) took the decision to extend the mandate of the Commission for Assessment and Reporting of the Agency's management performance as of 5 August 2025, by appointing the new chairman of the commission following the resignation of the previous chairman.

This commission consisted of three members of the Board of Directors. In addition to the compensation as regular members of the BD, the decision also set forth an additional compensation. This is a regular task originating from the law itself and is a constituent part of their mandate as a steering body under article 15, paragraph 2.16 of the Law on PAK. The chairman of the commission receives an additional amount of €200/month, whilst the other two members receive €150/month (amounting the total annual compensation for this committee to €6,420).

The commission holds regular meetings with the management, which reports on the implementation of activities based on the set objectives. Every three months, the commission presents a progress report to the Board regarding the management performance. Afterwards, the BD, upon recommendation of this Commission, makes the final decision on the assessment of their performance as direct supervisor.

Despite the fact that the commission reports regularly and the BD makes the final decision, the process is not in compliance with the law because performance assessment is a power of the Board and cannot be delegated and additionally compensated.

The commission was appointed with the aim of avoiding meetings of all Board members to assess the management, with the justification of the efficiency of the BD performance.

**Impact**

The establishment by the BD of a commission for management assessment, which makes recommendations on behalf of the Board of Directors, constitutes a departure from legal requirements and undermines the performance assessment process. In addition, the additional remuneration to the commission members for a task that by is assigned to BD constitutes an unnecessary expense, thus damaging the Agency's budget.

**Recommendation A1** The Board of Directors should ensure that the management assessment is carried out fully in compliance with the legal requirements and that it is not delegated to any other person/body. Moreover, it should ensure that no additional compensation is made for tasks that fall under their normal responsibilities.

**Management's Response: Disagree**

In more detail, see Appendix I

## 2.1.2 Capital and Non-Capital Assets

The value presented in the AFS of capital assets is €88,560, of non-capital assets is €94,392, and of stocks is €13,857.

### Issue B1 – Dysfunctional ‘e-assets’ system

**Finding** According to Article 6.3 of Regulation 02/2013 on the Management of Non-Financial Assets, capital assets must be recorded in KFMIS, whilst non-capital assets and stocks in the e-assets system.

Regardless of the actions PAK undertook during 2024 to address the last year’s recommendation by continuously communicating with the company responsible for entering the records in the e-assets system, it could not manage to put the system to operation this year either.

For the purposes of internal management and reporting of non-capital assets, PAK continued to use the internal register in Excel format.

This occurred because there were problems when entering entries for non-capital assets into the system (data duplication, items with zero value, and items with multiple values).

**Impact** The non-functioning of the e-assets system affects the proper fulfilment of legal requirements for asset management. Similarly, registering non-capital assets in Excel, where changes can be made at any time without any record, increases the risk of inaccurate and incomplete information being included in the AFS.

**Recommendation A2** The Board of Directors should undertake necessary and ongoing actions to ensure that the e-assets system is fully operational.

**Management’s Response:** Agree

### 3 Summary on budget planning and execution

This chapter gives a summarised information on the sources of budget funds, spending of funds and revenues collected, by economic categories. This is highlighted in the following tables and charts:

**Table 1. Expenditures by sources of budget funds (in €)**

Description	Initial budget	Final budget <sup>5</sup>	2024 Expenditures	2023 Expenditures	2022 Expenditures
<b>Sources of funds</b>	<b>4,575,686</b>	<b>4,704,686</b>	<b>4,552,894</b>	<b>4,594,243</b>	<b>5,944,598</b>
Government Grants – Budget	4,575,686	4,704,686	4,552,894	4,594,243	5,944,598

The final budget is by €129,000 higher than the initial budget. The budget changes have resulted from three Government's decisions (nr.22/233, no.14/238 and no.03/239) which included the allowances to salaries and savings in the categories of expenditures in budgetary organizations.

In 2024, PAK spent €4,594,243 or 94% of the final budget, an increase of 3% compared to the previous year (2023 – 94%). Yet, the total of expenditures in 2024 was reduced by 1% compared to the previous year. Explanations for the current position are provided below.

**Table 2 – Spending of funds by economic categories - (in €)**

Description	Initial budget	Final budget	2024 Spending	2023 Spending	2022 Spending
<b>Spending of funds by economic categories</b>	<b>5,698,956</b>	<b>4,874,485</b>	<b>4,594,243</b>	<b>5,944,598</b>	<b>6,531,932</b>
Wages and Salaries	4,211,752	3,620,071	3,619,603	4,926,016	5,348,022
Goods and Services	1,312,204	1,088,714	879,369	883,787	1,079,742
Utilities	150,000	150,000	82,572	100,680	61,419
Subsidies and Transfers	5,000	0	0	0	0
Capital Investments	20,000	15,700	12,700	34,115	42,749

<sup>5</sup> Final budget, the budget approved by the Assembly and subsequently adapted by the Ministry of Finance

There have been budget transfers amongst categories in PAK, however they were supported with respective decisions from the Ministry of Finance and the Government. Explanations for changes in budget categories are given below:

- The final budget for Wages and Salaries was increased by €375,500 compared to the initial budget, due to Government Decision no.22/233 dated 27.11.2024, and Decision no.03/239 dated 24.12.2024, through which an additional budget was allocated to cover the salaries of PAK staff. The final budget was spent at 100%;
- The final budget for Goods and Services was reduced by €41,500 compared to the initial budget, due to Government Decision no. 14/238 dated 18.12.2024 on budget savings. The final budget was spent at 81%;
- The final budget for Utilities remained the same as the initial budget. The budget was spent at 71%;
- The initial budget for Subsidies and Transfers was €5,000. However, with Government Decision no.14/238 dated 18.12.2024, this budget was accounted for as budget savings given it was not spent. and
- The final budget for Capital Investments was reduced by €200,000 compared to the initial budget. This was as a result of Government Decision No. 14/238 on budget savings. The final budget was spent at 94%.

PAK has not generated any revenues over the last two years.

Chart 1. Expenditures by economic categories for year 2024

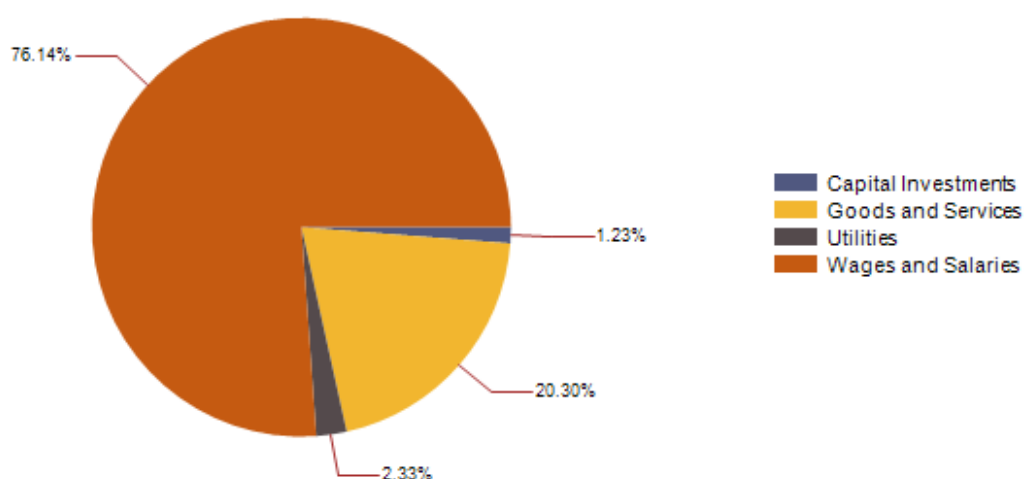


Table 3. Revenues (in €)

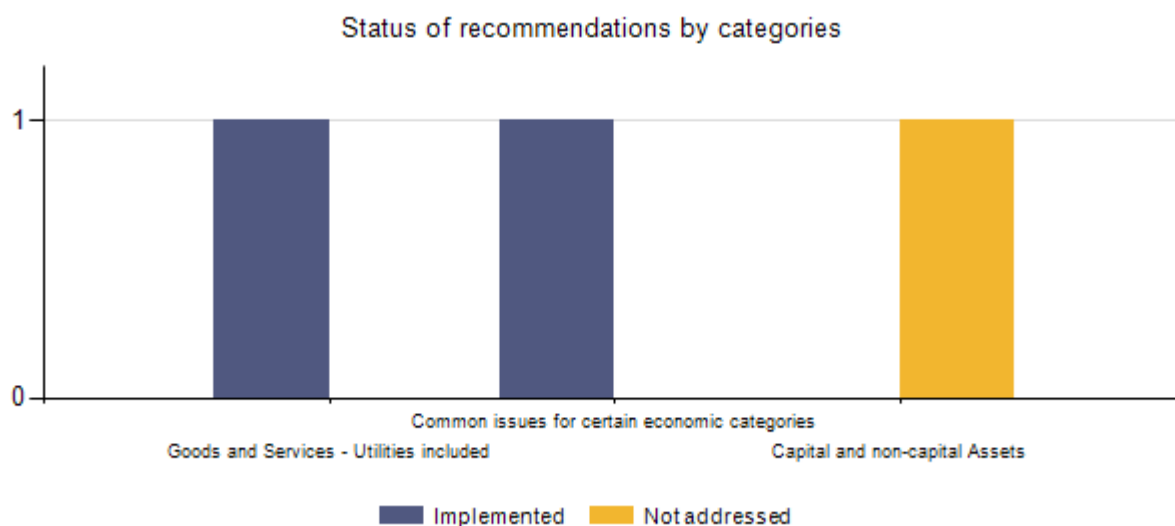
Description	Initial budget	Final budget	2024 Receipts	2023 Receipts	2022 Receipts
<b>Total of revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,220</b>
Non-tax revenues	0	0	0	0	1,220

## 4 Progress in implementing recommendations

Our audit report on 2023 AFS of PAK resulted in three (3) recommendations. PAK prepared an Action Plan stating how all recommendations will be implemented.

By the end of our 2024 audit, two (2) recommendations have been implemented whilst one (1) has not been implemented yet. For more thorough description of the recommendations and how they are addressed, see Table of recommendations no. 4 or (Table of recommendations).

Chart 2. Progress in implementing prior year's recommendations



**Table 4 Summary of the previous year's recommendations**

No	Audit Area	Recommendations of 2023	Actions taken	Status
1.	Wages and Salaries and Utilities	The Board of Directors should ensure, through the responsible persons, that the evaluation commission carries out the evaluation fully in compliance with the requirements of the applicable legal acts.	During the testing we verified that there were no similar cases.	Implemented
2.	Common issues	This will help ensure that proper procedures are followed and prevent uncontrolled purchases	Actions have taken to implement this recommendation	Implemented
3.	Assets	The Board of Directors should take necessary and ongoing actions to ensure that the e-assets system is fully operational.	E-assets system has not been put to operation this year either. See issue B1	Not addressed

\* This report is a translation from the Albanian original version. In case of discrepancies, Albanian version shall prevail.

Vlora Spanca, The Auditor General

Shkelqim Xhema, Audit Director

Vlora Duraku, Team Leader

Egzona Maqedonci, Team member

Jehona Krasniqi, Team member

## Annex I: Letter of confirmation/ Comments of BO regarding the audit report

Issue	Comments from the BO	KNAO view
<p>Issue A1 Appointment by the Board of Directors of the Commission for Assessment and Reporting of Management Performance running afoul of the legal requirements:</p>	<p>In relation to the allegation that the appointment and compensation of the Commission for the Assessment and Reporting of Management Performance is in violation of legal requirements, we would like to point out the following:</p> <p>1. Statutory Right to Establish Commissions</p> <p>According to the Agency's Statute (Article 12), the Board of Directors holds the right to appoint permanent or <i>ad hoc</i> commissions to address specific matters requiring in-depth analysis and special engagement. Based on this, the Commission for the Assessment and Reporting of Management Performance was established as an auxiliary functional body, without infringing upon the decision-making competencies of the Board.</p> <p>2. Auxiliary, Non-Delegating Function of the Commission</p> <p>This commission does not exercise decision-making powers and does not replace the Board's role in assessing the management performance. It serves as a supporting mechanism, preparing materials, conducting regular assessments, and submitting necessary analyses to the Board in order to enable more informed decision-making. The final decision regarding performance assessment remains exclusively within the power of the Board, in accordance with Article 15 of Law No. 04/L-034.</p> <p>To support this, find attached two documents that give a clear view of the official actions and decisions of the Board:</p> <ul style="list-style-type: none"> <li>- The quarterly report of the Management Performance Assessment Commission,</li> </ul>	<p>The power under Article 15, paragraph 2.16 of Law No. 04/L-034 on PAK (as amended by Law No. 06/L-023): This provision grants the Board of Directors the power to approve the management performance based on the annual audit report. This is a regular task originating directly from the law and constitutes an integral part of the Board's mandate as a steering body. Therefore, the establishment of any special commission for this function cannot serve as a justification for additional financial compensation, as the task itself does not constitute an extraordinary or supplementary function.</p>

	<p>established directly by the Board of Directors; - The Board's decision on reviewing and approving the aforementioned quarterly report.</p> <p>3. Legality of Additional Compensation for Commission Members</p> <p>No provision of the Law on PAK, nor any internal regulation, prohibits the granting of additional compensation to Board members who participate in special commissions established by the Board itself. The compensation was determined through a formal Board decision, reflecting the need to remunerate the additional engagements and responsibilities arising from the preparatory work, which is particularly demanding.</p> <p>4. Established and Previously Audited Practice</p> <p>This practice has been consistently applied in the past and has been subject to NAO audit (in 2022 and 2023), which issued no remarks in this regard. This confirms that the compensation was deemed compliant with the legal framework. Nevertheless, should it be determined that this practice requires suspension or revision, the Board remains open to immediately stopping it.</p> <p>In general, we consider that the finding regarding the appointment of the Commission for the Assessment and Reporting of Management Performance does not truly reflect the intent and the practice followed by the Board of Directors, which has remained in compliance with the law, the Statute, good governance practices, and the principles of transparency in the performance assessment process.</p>	
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REPUBLIKA E KOSOVËS - REPUBLIKA KOSOVA - REPUBLIC OF KOSOVO	
AGJENCIA KOSOVARE E PRIVATIZIMIT - KOSOVSKA AGENCIJA ZA PRIVATIZACIJU	
PRIVATISATION AGENCY OF KOSOVO	
Nr. Br. No.	1771
Nr. i Fq. Br. Str. No. Pg.	3
Data / Datum / Date	04. 04. 2025
Prishtinë / Pristina	

AGJENCIA KOSOVARE E PRIVATIZIMIT  
KOSOVSKA AGENCIJA ZA PRIVATIZACIJU  
PRIVATISATION AGENCY OF KOSOVO

## LETËR E KONFIRMIMIT

Për pajtueshmërinë me gjetjet e Auditorit të Përgjithshëm për vitin 2024 dhe për zbatimin e rekomandimeve.

Për: **Vlora Spanca**  
Auditore e Përgjithshme  
Zyra Kombëtare e Auditimit

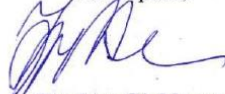
REPUBLIKA E KOSOVËS-REPUBLIKA KOSOVA-REPUBLIC OF KOSOVO			
ZYRA KOMBËTARE E AUDITIMIT			
NACIONALNA KANCELARIJA REVIZIJE / NATIONAL AUDIT OFFICE			
DATE / DATA / DATE: - 1 - 04 - 2025			
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05	48	440	3

E nderuar Znj. Spanca,

Përmes kësaj shkrese, konfirmoj se:

- Kam pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin e Pasqyrave Financiare të Agjencisë Kosovare të Privatizimit, për vitin 2024 (në tekstin e mëtejshëm "Raporti");
- Pajtohem me gjetjen dhe rekomandimin e çështjes B1 dhe nuk kam ndonjë koment për përmbajtjen e Raportit.
- Nuk pajtohem me gjetjen dhe rekomandimin të çështjes A1 që kemi komente dhe kundërshtim; si dhe
- Brenda 30 ditëve nga pranimi i Raportit Final, do t'ju dorëzoj një plan të veprimit për zbatimin e rekomandimeve, i cili do të përfshijë afatet kohore dhe stafin përgjegjës për zbatimin e tyre.

Me respekt,



**Ibrahim Gjylderen**  
U.D. Drejtor Ekzekutiv  
Agjencia Kosovare e Privatizimit

Data: 03 prill 2025

**Në shtojcë:**

Letër komformimi / Tabela për Komentet e OB-së lidhur me raportin e auditimit

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## Annex II: Explanation regarding different types of opinion applied by NAO and other parts of the Auditor's Report

Auditor's Report on the financial statements<sup>6</sup> should contain a clear expression of opinion referring to financial statement, based on conclusions drawn from the evidence obtained during the audit. Where the audit is conducted to assess also conformance with legislation and other regulations the auditors have an additional responsibility to report on compliance with authorities<sup>7</sup>. Such opinion should be separated from the opinion whether financial statements are true and fair, i.e. the opinion may be modified with respect to compliance issue(s) but still be unmodified in reference to credibility of the financial statements (or vice versa).

For the purpose of concluding whether an opinion on the financial statements is modified or unmodified an auditor should assure himself/herself whether audit results include or not (a) detected material or pervasive misstatement(s) or potential one(s) presumed in the event of a limitation of scope.

A misstatement is a difference between the reported amount, classification, presentation, or disclosure of a financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.

(extract from ISSAI 200)

### *Forms of opinion*

#### **Unmodified opinion**

It is formulated when no misstatements or non-compliance were detected or misstatements and/or non-compliance were detected, a single one or aggregate, that do(es) not equal or exceed the level of materiality for the financial statements as a whole or (a) misstatement(s) and/or non-compliance detected within a certain class of transactions do(es) not equal or exceed the level of lower materiality established for this class of transactions. It is also formulated if there is no limitation of scope or a limitation of scope may not lead to omission of (a) material misstatement(s) and/or non-compliance).

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<sup>6</sup> Financial statements in the public sector include also the statement(s) of budget execution

<sup>7</sup> Compliance with authorities: compliance with laws, rules, regulations, standards, or good practices.

Limitation of scope occurs when an auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.

The auditor should express **an unmodified opinion** if it is concluded that the financial statements are prepared, in all material respects, in accordance with the applicable financial framework.

#### Modifications to the opinion in the auditor's report

The auditor should modify the opinion in the auditor's report if it is concluded that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement and/or non-compliance, or is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement and/or non-compliance, the auditor should modify the opinion in the auditor's report. A modified opinion may be:

- Modified (qualified)
- Adverse, or
- Disclaimer

#### **Qualified opinion**

It is formulated when misstatement and/or non-compliance were detected, a single one or aggregate, that equals or exceeds the level of materiality for the financial statements as a whole or (a) misstatement(s) and/or non-compliance detected within a certain class of transactions equals or exceeds the level of lower materiality established for this class of transactions. It is also formulated if there is a limitation of scope that may not lead to omission of (a) material misstatement(s).

#### **Adverse opinion**

It is formulated when misstatement and/or non-compliance were detected, a single one or aggregate, that pervasively exceeds the level of materiality for the financial statements as a whole or (a) misstatement(s) and/or non-compliance detected within a certain class of transactions pervasively exceeds the level of lower materiality established for this class of transactions.

“Pervasive is a term used, in the context of misstatements and/or non-compliance, to describe the effects of misstatements and/or non-compliance on the financial statements or the possible effects on the financial statements of misstatements and/or non-compliance, if any, that are undetected due to an inability to obtain sufficient appropriate audit evidence. Pervasive effects on the financial statements are those that, in the auditor's judgment:

- a) Are not confined to specific elements, accounts or items of the financial statements

- b) If so confined, represent or could represent a substantial proportion of the financial statements; or
- c) In relation to disclosures, are fundamental to users' understanding of the financial statements.

### Disclaimer of opinion

It is formulated when limitation of scope, i.e. inability to obtain sufficient appropriate audit evidence, is material and pervasive.

### *Emphasis of Matter paragraphs and Other Matters paragraphs in the auditor's report*

If the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that is of such importance that it is fundamental to their understanding of the financial statements, but there is sufficient appropriate evidence that the matter is not materially misstated in the financial statements, the auditor should include an Emphasis of Matter paragraph in the auditor's report. Emphasis of Matter paragraphs should only refer to information presented or disclosed in the financial statements.

An Emphasis of Matter paragraph should:

- be included immediately after the opinion;
- use the Heading "Emphasis of Matter" or another appropriate heading;
- include a clear reference to the matter being emphasised and indicate where the relevant disclosures that fully describe the matter can be found in the financial statements; and
- indicate that the auditor's opinion is not modified in respect of the matter emphasised.

If the auditor considers it necessary to communicate a matter, other than those that are presented or disclosed in the financial statements, which, in the auditor's judgement, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report, and provided this is not prohibited by law or regulation, this should be done in a paragraph with the heading "Other Matter," or another appropriate heading. This paragraph should appear immediately after the opinion and any Emphasis of Matter paragraph.