

**ILLUSTRATIVE INDEPENDENT AUDITOR'S REPORT**  
**to be read with ISAs for SOEs registered under the Companies Act, 2017**

**To the members of .....(name of SOE)**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements (or revised financial statements, if applicable)<sup>i</sup> of .....(name of SOE), which comprise the statement of financial position as at ....., and the statement of profit or loss<sup>ii</sup> and other comprehensive income or the income and expenditure statement, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income or the income or expenditure statement, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017) in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at ..... and of the profit or loss and other comprehensive income or loss, or the surplus or deficit<sup>iii</sup>, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan/ Institute of Cost and management Accountants (the Code)<sup>iv</sup> and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty relating to Going Concern (if applicable)**

**Emphasis of Matter (if any)**

**Key Audit Matter(s)<sup>v</sup>**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matter(s):<sup>vi</sup>

| S. No. | Key Audit Matter(s) | How the matter was addressed in our audit |
|--------|---------------------|-------------------------------------------|
|        |                     |                                           |
|        |                     |                                           |

### **Information Other than the Financial Statements and Auditor's Report Thereon**

[Reporting in accordance with the reporting requirements in ISA 720 (Revised)]

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan, the requirements of Companies Act, 2017(XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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 ISAs as applicable in Pakistan 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.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism 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.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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 fair presentation.

We communicate with the board of directors 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, 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. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements<sup>vii</sup>**

Based on our audit, we further report that in our opinion:

- a. proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income or the income and expenditure account, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and the SOE Act, 2023 are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance<sup>viii</sup>.

### **Other Matter(s)**

### **Prior Year Financial Statements Audited by Predecessor Auditor<sup>ix</sup>**

The engagement partner on the audit resulting in this independent auditor's report is [name].

[Signature]

[Place/ location]

[Date]

[UDIN]

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**Notes:**

<sup>i</sup> Where due to events occurring after the issuance of audit report an audit report is required to be revised, this fact along with specific justification and impact shall be conspicuously stated in the title and text of the report. For this, the following paragraph shall be included in an Emphasis of Matter Paragraph or Other Matter paragraph

**Reasons for Revision of Financial Statements and the Audit Report (If Applicable)**

*We have issued the previous Audit Report to the members for audit of the financial statements for the year ended ..... on -----. The previous Audit Report was unqualified. Those financial statements were approved by the board of directors on-----. Subsequent to issuing of the audit report, material changes in the reported value of-----were discovered due to which the reported amount of -----and the profit is reduced/ increased by Rs. -----. As a result the financial statements were revised and the board of directors approved it on -----*

<sup>ii</sup> Wherever applicable, substitute "income and expenditure statement" and "surplus or deficit" in case of association not for profit.

<sup>iii</sup> As the case may be, use either profit or loss, similarly either other comprehensive income or loss and surplus (in case of income and expenditure account only).

<sup>iv</sup> To use the name of the relevant Institute.

<sup>v</sup> In the case of a non-listed company the section of key audit matter(s) in the report and the related last two paragraphs in the auditor's responsibilities section may be omitted.

<sup>vi</sup> In case there is no KAM following wording may be used:

*'We have determined that there are no key audit matters to communicate in our report.'*

<sup>vii</sup> With Reference to explanation of Section 249(3) and Section 249(4) of the Companies Act, 2017 (XIX of 2017):

- Where any of the matters referred in the auditor's report is answered in negative or with a qualification the report shall state the reasons for such answers along with the factual position to the best of auditor's information.
- Where the auditor's report contains a reference to any other report, statement or remarks which they have made on the financial statements examined by them, such statement or remarks shall be annexed to the auditor's report and shall be deemed to be a part of the auditor's report.

<sup>viii</sup> Where no Zakat is deductible, substitute "No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)."

<sup>ix</sup> The paragraph is not required in cases where the auditor of the Company is same in the previous year.

**Additional Notes:**

- I. Omit that component of financial statements which is not applicable in case of a particular company.
- II. Terms "statement of profit or loss and other comprehensive income" or "statement of comprehensive income" can be used interchangeably.