

## **Auditor's report with a disclaimer of opinion due to the auditor's inability to obtain sufficient appropriate audit evidence about multiple elements in the financial statements**

(Financial statements Part 9 of Book 2 of the Netherlands Civil Code)

To: appropriate addressee

### **AUDITOR'S REPORT**

#### **Report on the financial statements<sup>1</sup>**

We were engaged to audit the accompanying<sup>2</sup> financial statements XXXX<sup>3</sup> of ... (name), ... (statutory seat), which comprise the balance sheet as at ..., XXXX, the profit and loss account for the year then ended and the notes<sup>4</sup>.

#### *Management's responsibility*

Management<sup>5</sup> is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report<sup>6</sup>, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code<sup>7</sup>. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with Dutch law. Because of the matters described in the Basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### *Basis for disclaimer of opinion*

We were not appointed as auditors of the company until after ..., XXXX and thus did not observe the counting of physical inventories at the beginning and end of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at ..., XXXX-1 and XXXX which are stated in the balance sheet at € ... and € ..., respectively.

In addition, the introduction of a new computerized accounts receivable system in September XXXX resulted in numerous errors in accounts receivable. As of the date of our audit report, management was still in the process of rectifying the system deficiencies and correcting the errors. We were unable to confirm or verify by alternative means accounts receivable included in the balance sheet at a total amount of € ... as at ..., XXXX.

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- 1 The subheading "Report on the financial statements" is unnecessary in circumstances when the second subheading "Report on other legal and regulatory requirements" is not applicable.
  - 2 Referencing is possible through the use of page numbers.
  - 3 Or: "for the year ended xxxx" (fiscal year not coinciding with calendar year).
  - 4 The enumerated parts of the financial statements should be aligned with the index of the financial statements.
  - 5 Depending on the nature of the entity to be changed to more suitable terminology such as "management of the company" (B.V. / N.V.), "union", "foundation" etc.
  - 6 Align terminology with the term applied by the entity.
  - 7 Or the applicable legislation and/or standards.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories and accounts receivable, and the elements making up the statement of income.

*Disclaimer of opinion*

Because of the significance of the matters described in the Basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

**Report on other legal and regulatory requirements<sup>8</sup>**

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code<sup>9</sup>.

*[Place, date]*

*[Name audit firm]*

*[Name external auditor and his signature]*

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<sup>8</sup> This paragraph is not applicable if there are no other legal and regulatory requirements for the auditor to issue such a separate report.

<sup>9</sup> When the entity applies a legal exemption allowing it not to prepare a management board report (section 396 of the Netherlands Civil Code and the 'Wet op de ondernemingsraden'), this excerpt can be omitted. Footnote 8 is also applicable.