

Analysis of Key Audit Matters in 2024-2025 WIG 20 audit reports*

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Abstract

This study is a continuation of the earlier research of the author in respect of key audit matters (further also referred to as “Key Audit Matters” or “KAM”) reported by auditors of selected listed companies in Poland (WIG 20), Germany (DAX30) and France (CAC 40).

The objective of this paper is to summarize and present the results of the research performed in respect of the key audit matters determined and communicated in the independent auditors’ reports issued in conjunction with the audit of the annual financial statements of WIG 20 constituent companies for 2024 and 2025.

In absence of the available literature this research focused primarily on reading reporting requirements in respect of key audit matters relating to audits of historical financial information as defined in the International Standards on Auditing (ISA) and examination of the auditors’ reports issued in conjunction with the audit of the 2024 and 2025 annual financial statements of the WIG 20 constituent companies listed on the Warsaw Stock Exchange (Poland).

It was tentatively assumed that both (1) the number and (2) the nature of Key Audit Matters identified and reported in conjunction with the audit of the annual financial statements of WIG 20 constituent companies for 2024 and 2025 will not vary significantly.

Both hypotheses (hypothesis (1) and hypothesis (2)) were tested positively.

Keywords: audit, risk, auditor’s report, key audit matters

Introduction

In accordance with the International Standards on Auditing the purpose of an audit is to enhance the degree of confidence of intended users in the financial statements. This is achieved by the expression of an opinion by the auditor on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework (ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraph 3).

The financial statements subject to audit are those of the entity, prepared by management of the entity with oversight from those charged with governance (ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraph 4).

In conducting an audit of financial statements, the overall objectives of the auditor are:

- (a) to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework; and

- (b) to report on the financial statements, and communicate as required by the ISAs, in accordance with the auditor's findings (ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraph 11).

Risk assessment

In accordance with the International Standards on Auditing the auditor is also required to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels (ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*, paragraph 3).

As part of the risk assessment, the auditor shall also determine whether any of the risks identified are, in the auditor's judgment, a significant risk (ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*, paragraph 27). The auditor shall treat those assessed risks of material misstatement due to fraud as significant risks (ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, paragraph 27).

When identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks (ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, paragraph 26).

Areas of higher assessed risk of material misstatement, or significant risks identified in accordance with ISA 315 shall be taken by auditor into account in order to determine, from the matters communicated with those charged with governance, those matters that required significant auditor attention in performing the audit (ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*, paragraph 9).

Determination and Communication of the Key Audit Matters

The auditor shall determine which of the matters determined in accordance with paragraph 9 of ISA 701 were of most significance in the audit of the financial statements of the current period and therefore are the key audit matters (ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*, paragraph 10).

In accordance with paragraph 10 of ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report* the auditor shall describe each key audit matter, using an appropriate subheading, in a separate section of the auditor's report under the heading "Key Audit Matters," unless the circumstances described in further paragraphs apply.

The purpose and the methods of the research

The purpose of the research was to examine whether (1) the number and (2) the nature of Key Audit Matters determined and communicated in conjunction with the audit of the annual financial statements of WIG 20 constituent companies for 2024 and 2025 varied significantly.

It was tentatively assumed that the number (hypothesis 1) and the nature (hypothesis 2) of Key Audit Matters identified and reported in conjunction with the audit of the annual financial statements of WIG 20 constituent companies for 2024 and 2025 would not vary significantly.

The research focused primarily on the examination of the auditors' reports issued in 2026 in conjunction with the 2025 annual audits of the financial statements and the auditors' reports issued in 2025 in conjunction with the 2024 annual audits of the financial statements filed by the WIG 20 constituent companies listed on the Warsaw Stock Exchange (Poland). Given the empirical nature of the research, priority was given to the reading of the relevant International Standards on Auditing and analysis of the selected auditor's reports. Consequently the study concentrates less on other theoretical aspects, references to professional literature or other publications.

Results of the research performed

Table 1 attached below summarizes the results of the research performed.

Table 1. Number and nature of Key Audit Matters (WIG 20 constituent companies 2024-2025)

KAM ENTITY	IMP	T/L	V/A	IFRS	REVR	COSR	ACQ	RES	Total
PKNORLEN 2025	2	0	0	0	1	0	0	0	3
PKNORLEN 2024	1	0	0	0	1	0	0	0	2
PKOBP 2025	1	1	0	0	0	0	0	0	2
PKOBP 2024	1	1	0	0	0	0	0	0	2
KGHM 2025	2	0	2	0	1	0	0	0	5
KGHM 2024	1	0	2	0	1	0	0	0	4
PEKAO 2025	1	1	0	0	0	0	0	0	2
PEKAO 2024	1	1	0	0	0	0	0	0	2
PZU 2025	1	0	1	0	0	0	0	0	2
PZU 2024	1	1	1	0	0	0	0	0	3
ALLEGRO 2025	0	0	0	0	1	0	0	0	1
ALLEGRO 2024	0	0	0	0	1	0	0	0	1
LPP 2025 (31.01.2026)	0	0	1	0	0	0	0	0	1
LPP 2024 (31.01.2025)	0	0	1	0	0	0	0	0	1
ERSTEPL 2025	1	1	0	0	0	0	0	0	2
ERSTEPL 2024	1	1	0	0	0	0	0	0	2
CDPROJEKT 2025	0	0	1	0	1	0	0	0	2
CDPROJEKT 2024	0	0	1	0	1	0	0	0	2
MBANK 2025	1	1	0	0	0	0	0	0	2
MBANK 2024	1	1	0	0	0	0	0	0	2
DINOPL 2025	0	0	2	0	0	0	0	0	2
DINOPL 2024	0	0	2	0	0	1	0	0	3
ZABKA 2025	0	0	0	0	1	1	0	0	2
ZABKA 2024	0	0	0	0	1	1	0	0	2
KETY 2025	1	0	1	0	0	0	0	0	2
KETY 2024	1	0	2	0	0	0	0	0	3
ALIOR 2025	1	1	0	0	0	0	0	0	2
ALIOR 2024	1	1	0	0	0	0	0	0	2
TAURONPE 2025	1	1	0	0	0	0	0	0	2
TAURONPE 2024	1	1	0	0	0	0	0	0	2
PGE 2025	1	0	0	0	0	0	0	0	1
PGE 2024	1	0	0	0	0	0	0	1	2
BUDIMEX 2025	0	0	0	0	1	0	0	0	1
BUDIMEX 2024	0	0	0	0	1	0	0	0	1
KRUK 2025	0	0	1	0	0	0	0	1	2
KRUK 2024	0	0	1	0	0	0	0	1	2
PEPCO (30.09.2025)	0	0	1	0	1	0	0	0	2
PEPCO (30.09.2024)	1	0	0	0	0	0	0	0	1
MODIVO 2025 (31.01.2026)	1	0	2	0	1	0	1	0	5
MODIVO 2024 (31.01.2025)	1	0	2	0	0	0	0	0	3
Total 2025	14	6	12	0	8	1	1	1	43
Total 2024	13	7	12	0	6	2	0	2	42

Source: Annual Reports of 2024 and 2025 WIG 20 constituent companies

Summary of abbreviations used in Table 1: IMP = Impairment, T/L = Tax/Legal, V/A = Valuation/Accuracy, IFRS = Adoption of new IFRS, REVR = Revenue recognition, COSR = Cost recognition, ACQ = Acquisitions, RES = Reserves/Provisions,

Evaluation of Results

The posed hypotheses (both hypothesis 1 and hypothesis 2) were tested in the course of the conducted research. Both Hypothesis 1 (the number of the KAM will not vary significantly in 2024-2025) and Hypothesis 2 (the nature of the KAM will not vary significantly in 2024-2025) were verified positively, with only minor changes in the number and nature of KAM reported.

The number of the KAM determined and communicated in the independent auditors' reports issued in conjunction with the audit of the annual financial statements of WIG 20 constituent companies for 2025 was 43 and went up by 1 item only compared to 2024 (when as many as 42 KAM were determined and communicated). This change was evaluated as not significant and hypothesis 1 was regarded as verified positively.

This is also to note that only 1 KAM was reported in respect of acquisition accounting for 2024 and 2025 (MODIVO annual report published on 29 May 2026), and no KAM were reported in conjunction with IFRS application for 2024 and 2025.

The nature of the KAM determined and communicated in the independent auditors' reports issued in conjunction with the audit of the annual financial statements of WIG 20 constituent companies for 2024 and 2025 did not vary significantly and the KAM relating to the nature of KAM remained in principle unchanged.

Conclusions and definition of further possible research areas

Based on the results of the research the author of this paper decided to continue his work on KAM determined and communicated in annual audit reports for WIG 20 and other indices (such as but not limited to DAX 30 or CAC 40).

In addition to the above the author of this paper plan to perform more detailed analysis of KAM and response to risk as well as analysis of planning materiality criteria used by the auditors.

References

Auditors' reports

2024 and 2025 auditors' reports of the WIG 20 constituent companies

International standards on auditing

- ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*,
- ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*
- ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*,
- ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*