

### Issue 05/09

To keep you up-to-date with the latest economic and financial developments, this bulletin provides information that may affect the operation of your business in Albania.

The Law no. 10091, dated 05.03.2009 “On the Statutory Audit and Organization of the Registered Chartered Auditor and Approved Accountant” (hereinafter the “Law”) recently enacted, governs the organization and the activity of the registered chartered auditors (the “auditors”) and of the approved accountants (the “accountants”).

#### ***Overview of requirements applicable to audit of financial statements***

The professional activity of the auditors is supervised by the Public Supervisory Board appointed by the Minister of Finance. The auditors are organized under a single professional organization which is the Albanian Institute of Chartered Accountants (the “AICA”).

The Law recognizes to the chartered auditors the possibility to conduct their professional activity either individually as “Entrepreneurs” or participating in auditing companies organized as commercial companies.

Pursuant to article 41 of the Law, the audit of the annual financial statements is mandatory for the following entities:

- a. companies, irrespectively of their legal form, which apply the International Financial Reporting Standards (IFRS);
- b. joint stock companies which apply the National Accounting Standards (NAS);
- c. limited liability companies which apply the NAS, in case at the end of the financial year, they meet two of the following requirements:
  - total of assets is at the end of the respective financial year equal or higher than ALL 40 million.
  - annual turnover is equal or exceeds ALL 30 million.
  - the average annual number of employees is 30.

The auditor is appointed on yearly basis upon decision of the general meeting of shareholders for both limited liability companies and joint stock companies.

The companies indicated in points (a) and (b) above are under the obligation to appoint at least two auditors, when the latest exercise their professional activity as “Entrepreneurs”.

In case of companies engaged in specific regulated markets, appointment of auditors may be subject to additional criteria that may be established by the regulatory entities supervising these markets.

To be noted that a company may appoint the same auditor for no more than 7 (seven) consecutive years. After expiring of this period the same auditor may not be engaged for a term of 2 (two) years.

### ***Overview of requirements applicable to accounting***

Pursuant to article 48 of the Law, accounting services may be performed either by an employee of the company duly engaged upon an employment contract or outsourced to an approved accountant or accounting company.

In the event of accounting services provided by an accounting company, the latest should be established and organized in accordance with the provisions of the Law “On Entrepreneurs and Commercial Companies”, provided that such companies are managed by one or more approved accountants.

The approved accountant is entitled to conduct its professional activity only after registration with a professional organization of approved accountants recognized by the Public Supervisory Board.

AICA and the professional organizations of approved accountants should maintain and publish the respective list/register of individual auditors/auditing companies and approved accountants.

## BOGA & ASSOCIATES

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