|  |
| --- |
| **STATE COMPANY** **‘INDĖLIŲ IR INVESTICIJŲ DRAUDIMAS’** |
| **ANNUAL FINANCIAL STATEMENTS** |
| **2019** |

|  |
| --- |
|  |
|  |
|  |
|  |

Content

[Information about the Company](#_Toc441324012) 3

[Balance sheet](#_Toc441324014) 4

[Profit (loss) statement](#_Toc441324016) 6

[Statement of changes in equity](#_Toc441324017) 7

[Cash flow statement](#_Toc441324018) 9

[Explanatory notes 10](#_Toc441324019)

**MAIN DETAILS OF THE COMPANY**

Company name: SC ‘Indėlių ir investicijų draudimas’

Authorised capital: EUR 8,995,358

Registration date: 16 December 1996

Corporate code: 110069451

Institution implementing rights

and obligations of the owner: Ministry of Finance of the Republic of Lithuania

Registered office address: Algirdo g. 31, LT-03219, Vilnius

Legal form: State Company

Data collected and stored in: Register of Legal Entities

Date of registration of applicable

Articles of Association: 15 July 2019

Phone: (8-5) 213 56 57

E-mail address: idf@idf.lt

Website: [www.iidraudimas.lt](http://www.iidraudimas.lt)

Management bodies of the Company: the Company’s Council and Director

|  |  |
| --- | --- |
| Chairwoman of the Council: | Vilma Mačerauskienė, Director of the Financial Markets Policy Department of the Ministry of Finance |
| Deputy Chairwoman of the Council:  | Lina Frejutė, Deputy Head of  the Project Management Division of the Ministry of Finance |
| Members of the Council: | Audrutė Dziskienė, Advisor of the Credit and Payment Markets Division of the Ministry of Finance;  |
|  | Renata Bagdonienė, Director of the Prudential Supervision Department of the Supervision Service of the Bank of Lithuania |
|  | Gediminas Šimkus, Director of the Economics and Financial Stability Service of the Bank of Lithuania |
| Director of the Company:  | Aurelija Mažintienė |

 Auditor: UAB Naukonsa

 Bank: AB SEB bankas

**STATE COMPANY ‘INDĖLIŲ IR INVESTICIJŲ DRAUDIMAS’**

Corporate code 110069451, Algirdo g. 31 LT-03219 Vilnius, data collected and stored in the Register of Legal Entities

|  |
| --- |
| **BALANCE SHEET** **31 DECEMBER 2019**10 March 2020 |
|  |
| *2019 Presentation currency and accuracy: EUR* |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Seq. No** | **ITEMS** | **Note No** | **31 12 2019** | **31 12 2018** |
|  | **FIXED ASSETS** |  |  |  |
| **A.** | INTANGIBLE ASSETS |  | **11,060,276** | **7,226,662** |
| 1. | Development works | 1 | 8,713 | 14,961 |
| 1.1. | Software |  |  |  |
| 1.2. | Concessions, patents, licenses, trademarks and similar rights |  | 2,677 | 10,944 |
| 1.3. | Other intangible assets |  |  |  |
| 1.4. | Advances paid |  | 6,036 | 4,017 |
| 1.5. | TANGIBLE ASSETS |  |  |  |
| 2. | Land | 2,3,4 | 26,209 | 30,182 |
| 2.1. | Buildings and structures |  |  |  |
| 2.2. | Machinery and equipment |  | 10,918 | 13,656 |
| 2.3. | Vehicles |  |  |  |
| 2.4. | Other fixtures, fittings, tools and equipment |  | 2,567 | 5,366 |
| 2.5. | Investment assets |  | 12,724 | 11,160 |
| 2.6. | Land |  |  |  |
| 2.6.1. | Buildings  |  |  |  |
| 2.6.2. | Advances paid and fixed assets’ construction (works) in progress  |  |  |  |
| 2.7. | **FIXED ASSETS** |  |  |  |
| 3. | FINANCIAL ASSETS | 5 | 11,025,354 | 7,181,519 |
| 3.1. | Amounts receivable after one year |  |  |  |
| 3.2. | Other financial assets |  | 11,025,354 | 7,181,519 |
| 4. | OTHER FIXED ASSETS |  |  |  |
| 4.1. | Deferred income tax assets |  |  |  |
| 4.2. | Biological assets |  |  |  |
| 4.3. | Other assets |  |  |  |
| **B.** | **CURRENT ASSETS** |  | **4,983,496** | **8,757,518** |
| 1. | INVENTORIES |  | 233 | 405 |
| 1.1. | Materials and supplies  |  |  |  |
| 1.2. | Unfinished goods and works in progress  | 6 | 62 | 26 |
| 1.3. | Products |  |  |  |
| 1.4. | Goods purchased for resale |  |  |  |
| 1.5. | Biological assets |  |  |  |
| 1.6. | Fixed tangible assets held for sale |  |  |  |
| 1.7. | Advances paid | 7 | 171 | 379 |
| 2. | AMOUNTS RECEIVABLE WITHIN ONE YEAR  | 8 | 107,736 | 124,023 |
| 2.1. | Trade receivables |  |  |  |
| 2.2. | Other receivables  |  | 107,736 | 124,023 |
| 3. | SHORT-TERM INVESTMENTS | 5,9 | 4,252,998 | 494,381 |
| 4. | CASH AND CASH EQUIVALENTS  | 10 | 622,529 | 8,138,709 |
| **C.** | **DEFERRED EXPENSES AND ACCRUED INCOME** | 11 | **1,703** | **3,141** |
|  | **TOTAL ASSETS** |  | **16,045,475** | **15,987,321** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Seq. No** | **EQUITY AND LIABILITIES** | **Note No** | **31 12 2019** | **31 12 2018** |
| **D.** | **EQUITY CAPITAL** |  | **15,979,049** | **15,924,033** |
| 1. | COMPANY OWNER’S CAPITAL  |  | 8,995,358 | 8,995,358 |
| 2. | CAPITAL CORRESPONDING TO ASSETS WHICH IN ACCORDANCE WITH LAWS MAY BE SOLELY OWNED BY THE STATE  |  |  |  |
| 3. | CAPITAL CORRESPONDING TO CENTRALLY MANAGED STATE ASSETS  |  |  |  |
| 4. | REVALUATION RESERVE  |  |  |  |
| 5. | RESERVES |  | 6,928,675 | 6,883,319 |
| 5.1. | Mandatory |  | 6,928,675 | 6,883,319 |
| 5.2. | Other reserves |  |  |  |
| 6. | RETAINED PROFIT (LOSS) | 12 | 55,016 | 45,356 |
| 6.1. | Profit (loss) of the reporting year |  | 55,016 | 45,356 |
| 6.2. | Profit (loss) of the previous year |  |  |  |
| **E.** | **GRANTS, SUBSIDIES** |  |  |  |
| **F.** | **PROVISIONS** |  |  |  |
| 1. | Provisions for pensions and similar liabilities  |  |  |  |
| 2. | Tax provisions |  |  |  |
| 3. | Other provisions |  |  |  |
| **G.** | **AMOUNTS PAYABLE AND OTHER LIABILITIES**  |  | **66,426** | **63,288** |
| 1. | AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER LONG-TERM LIABILITIES  |  |  |  |
| 1.1. | Debt liabilities |  |  |  |
| 1.2. | Debts to credit institutions |  |  |  |
| 1.3. | Advances received |  |  |  |
| 1.4. | Trade payables |  |  |  |
| 1.5. | Amounts payable according to bills and checks |  |  |  |
| 1.6. | Other amounts payable and long-term liabilities |  |  |  |
| 2. | AMOUNTS PAYABLE WITHIN ONE YEAR AND OTHER SHORT-TERM LIABILITIES | 13 | 66,426 | 63,288 |
| 2.1. | Debt liabilities |  |  |  |
| 2.2. | Debts to credit institutions |  |  |  |
| 2.3. | Advances received |  |  |  |
| 2.4. | Trade payables |  | 3,879 | 16,509 |
| 2.5. | Amounts payable according to bills and checks  |  |  |  |
| 2.6. | Corporate income tax obligations |  |  |  |
| 2.7. | Liabilities related to employment relationships |  | 62,511 | 46,699 |
| 2.8. | Other amounts payable and short-term liabilities |  | 36 | 80 |
| H. | **ACCRUED EXPENSES AND DEFERRED INCOME** |  |  |  |
|  | **TOTAL EQUITY CAPITAL AND LIABILITIES** |  | **16,045,475** | **15,987,321** |

Director Aurelija Mažintienė

Chief Accountant Laima Tankevičiūtė

**STATE COMPANY ‘INDĖLIŲ IR INVESTICIJŲ DRAUDIMAS’**

Corporate code 110069451, Algirdo g. 31 LT-03219 Vilnius, data collected and stored in the Register of Legal Entities

######  **31 DECEMBER** **2019**

###### **PROFIT (LOSS) STATEMENT**

 10 March 2020

 *2019 Presentation currency and accuracy: EUR*

|  |
| --- |
|  |
|  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Seq. No** | **Items** | **Note No** | **31 12 2019** | **31 12 2018** |
| 1. | Sales income  | 14 | **737,043** | **675,471** |
| 2. | Cost of sales |  |  |  |
| 3. | Change in fair value of biological assets  |  |  |  |
| 4. | **GROSS PROFIT (LOSS)** |  | **737,043** | **675,471** |
| 5. | Sales expenses |  |  |  |
| 6. | General and administrative expenses | 14 | (737,043) | (675,471) |
| 7. | Other operating results | 15 | 0 | 6,549 |
| 8. | Income from investments into shares of the parent undertaking, subsidiaries and associates  |  |  |  |
| 9.  | Income from other long-term and short-term investments and loans  |  |  |  |
| 10. | Other interest and similar income  | 16 | 58,033 | 39,851 |
| 11. | Decrease in value of financial assets and short-term investments |  |  |  |
| 12. | Interest expenses and other similar expenses | 16 | (3,017) | (1,044) |
| 13. | **PROFIT (LOSS) BEFORE TAXES** |  | **55,016** | **45,356** |
| 14. | Corporate income tax |  |  |  |
| 15. | **NET PROFIT (LOSS)** |  | **55,016** | **45,356** |

 Director Aurelija Mažintienė

Chief Accountant Laima Tankevičiūtė

|  |
| --- |
|  10 March 2020  |
|  *2019 Presentation currency and accuracy: EUR* |

 **STATE COMPANY ‘INDĖLIŲ IR INVESTICIJŲ DRAUDIMAS’**

Corporate code 110069451, Algirdo g. 31 LT-03219 Vilnius, data collected and stored in the Register of Legal Entities

######  **31 DECEMBER** **2019**

# STATEMENT OF CHANGES IN EQUITY

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|   |  | Company owner’s capital | Capital corresponding to assets which in accordance with laws may belong only to the State | Capital corresponding to centrally managed State assets | Revaluation reserve  | Statutory reserve  | Other reserves | Retained profit (loss) | Total |
| Fixed assets | Financial assets |
| **1.** | **Balance at the end of the reporting period preceding the previous reporting (annual) period** | **8,995,358** |  |  |  |  | **6,839,903** |  | **43,416** | **15,878,677** |
| 2. | Effects of change in accounting policies |  |  |  |  |  |  |  |  |  |
| 3. | Effects of correction of material errors |  |  |  |  |  |  |  |  |  |
| **4.** | **Restated balance at the end of the reporting period preceding the previous reporting (annual) period** | **8,995,358** |  |  |  |  | **6,839,903** |  | **43,416** | **15,878,677** |
| 5. | Increase (decrease) in value of fixed tangible assets |  |  |  |  |  |  |  |  |  |
| 6. | Increase (decrease) in value of the effective hedge |  |  |  |  |  |  |  |  |  |
| 7. | Profit (loss) not recognised in profit (loss) statement |  |  |  |  |  |  |  |  |  |
| 8. | Net profit (loss) of the reporting period |  |  |  |  |  |  |  | 45,356 | 45,356 |
| 9. | Share of the Company’s profit paid into the State or municipal budget  |  |  |  |  |  |  |  |  |  |
| 10. | Increase (decrease) in capital corresponding to asserts which in accordance with laws may belong only to the State |  |  |  |  |  |  |  |  |  |
| 11. | Increase (reduction) of capital corresponding to centrally managed State assets |  |  |  |  |  |  |  |  |  |
| 12. | Formed reserves  |  |  |  |  |  | 43,416 |  | (43,416) |  |
| 13. | Used reserves  |  |  |  |  |  |  |  |  |  |
| 14. | Increase (reduction) of capital of the Company’s owner |  |  |  |  |  |  |  |  |  |
| **15.** | **Balance at the end of the previous reporting (annual) period** | **8,995,358** |  |  |  |  | **6,883,319** |  | **45,356** | **15,924,033** |
| 16. | Increase (decrease) in value of tangible fixed assets |  |  |  |  |  |  |  |  |  |
| 17. | Increase (decrease) in value of the effective hedge |  |  |  |  |  |  |  |  |  |
| 18. | Profit (loss) not recognised in profit (loss) statement |  |  |  |  |  |  |  |  |  |
| 19. | Net profit (loss) of the reporting period |  |  |  |  |  |  |  | 55,016 | 55,016 |
| 20. | Share of the Company’s profit paid into the State or municipal budget  |  |  |  |  |  |  |  |  |  |
| 21. | Increase (reduction) of capital corresponding to asserts which in accordance with laws may belong only to the State |  |  |  |  |  |  |  |  |  |
| 22. | Increase (reduction) of capital corresponding to centrally managed State assets |  |  |  |  |  |  |  |  |  |
| 23. | Formed reserves  |  |  |  |  |  | 45,356 |  | (45,356) |  |
| 24. | Used reserves  |  |  |  |  |  |  |  |  |  |
| 25. | Increase (reduction) of capital of the Company’s owner |  |  |  |  |  |  |  |  |  |
| **26.** | **Balance at the end of the reporting financial year** | **8,995,358** |  |  |  |  | **6,928,675** |  | **55,016** | **15,979,049** |

Director Aurelija Mažintienė

Chief Accountant Laima Tankevičiūtė

#

**STATE COMPANY ‘INDĖLIŲ IR INVESTICIJŲ DRAUDIMAS’**

Corporate code 110069451, Algirdo g. 31 LT-03219 Vilnius, data collected and stored in the Register of Legal Entities

######

#### CASH FLOW STATEMENT

 10 March 2020

|  |
| --- |
|  **31 DECEMBER** **2019**  |

*2019 Presentation currency and accuracy: EUR*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Seq. No** | **Items** | **Note No** | **31 12 2019** | **31 12 2018** |
| **1.** | **Cash flows from operating activities** |  |  |  |
| **1.1.** | **Cash receipts of the reporting period (incl. VAT)** |  | **757,338** | **572,282** |
| I.1.1. | Cash receipts from customers |  | 752,983 | 557,962 |
| I.1.2. | Other receipts |  | 4,355 | 14,320 |
| **I.2.** | **Cash payments of the reporting period** |  | **(713,397)** | **(632,951)** |
| I.2.1. | Payments to suppliers of raw materials, goods and services (incl. VAT) |  | (145,282) | (134,398) |
| I.2.2. | Payments related to employment relationships |  | (548,389) | (457,736) |
| I.2.3. | Taxes paid into the budget |  | (4,498) | (4,498) |
| I.2.4. | Other payments |  | (15,228) | (36,139) |
|  | **Net cash flows from operating activities** |  | **43.941** | **(60,669)** |
| **2.** | **Cash flows from investing activities** |  |  |  |
| 2.1. | Acquisition of fixed assets, except for investments |  | (13,021) | (7,909) |
| 2.2. | Disposal of fixed assets, except for investments |  |  |  |
| 2.3. | Acquisition of long-term investments  |  | (5,162,403) | (5,321,622) |
| 2.4. | Disposal of long-term investments |  | 487,400 | 974,005 |
| 2.5. | Loans granted |  |  |  |
| 2.6. | Loans recovered |  |  |  |
| 2.7. | Interest paid |  |  |  |
| 2.8. | Other increase in cash flows from investing activities |  | 130,312 | 122,310 |
| 2.9. | Other decrease in cash flows from investing activities |  | (3,002,409) | (598) |
|  | **Net cash flows from investing activities**  |  | **(7,560,121)** | **(4,233,814)** |
| **3.** | **Cash flows from financing activities** |  |  |  |
| 3.1. | Cash flows related to the Company’s owners |  |  |  |
| 3.1.1. | Increase of capital of Company’s owner |  |  |  |
| 3.1.2. | Contribution from the Company’s profit paid into the State and municipal budgets |  |  |  |
| 3.2. | Cash flows related to other sources of funding  |  |  |  |
| 3.2.1. | Loans granted |  |  |  |
| 3.2.2. | Loans recovered |  |  |  |
| 3.2.3. | Interest paid |  |  |  |
| 3.2.4. | Lease (financial lease) payments |  |  |  |
| 3.2.5. | Increase in other obligations of the Company |  |  |  |
| 3.2.6. | Decrease in other obligations of the Company |  |  |  |
| 3.2.7. | Other increase in cash flows from financing activities |  |  |  |
| 3.2.8. | Other decrease in cash flows from financing activities |  |  |  |
|  | **Net cash flows from financing activities** |  |  |  |
| **4.**  | **Effects of exchange rate change on the balance of** **cash and cash equivalents** |  |  |  |
| **5.** | **Net increase (decrease) in cash flows** |  | **(7,516,180)** | **(4,294,483)** |
| **6.** | **Cash and cash equivalents at the beginning of the period** |  | **8,138,709** | **12,433,192** |
| **7.** | **Cash and cash equivalents at the end of the period** | **10** | **622,529** | **8,138,709** |

######

###### Director Aurelija Mažintienė

Chief Accountant Laima Tankevičiūtė

**STATE COMPANY ‘INDĖLIŲ IR INVESTICIJŲ DRAUDIMAS’**

Corporate code 110069451, Algirdo g. 31 LT-03219 Vilnius, data collected and stored in the Register of Legal Entities

**EXPLANATORY NOTES**

**31 DECEMBER 2019**

## General part

 The State Company ‘Indėlių ir investicijų draudimas’ (hereinafter – the Company) is a company set up by the Government of the Republic of Lithuania from State assets in accordance with the procedure established by legal acts. The institution implementing the rights and obligations of the Company’s owner is the Ministry of Finance of the Republic of Lithuania.

 The nature of the operating activities of the Company is defined by the Law (No IX-975) of the Republic of Lithuania on Insurance of Deposits and Liabilities to Investors of 19 November 2015 (hereinafter – the Law). Article 36(4) of this Law specifies the purposes of the Company’s activities – to insure the depositor’s deposits, liabilities to investors in accordance with the procedure laid out in the Law and other legal acts, to administrate the Deposit Insurance Fund, the Fund of Insurance of Liabilities to Investors, and the Resolution Fund (hereinafter – the administrated funds), and to perform other functions provided for by laws.

 In implementing the purposes of its activities and acting in observance of Article 38 of the Law, the Company performs the following functions:

* collects deposit insurance contributions, contributions of insurance of liabilities to investors, and resolution contributions and accumulate them in the respective administered fund;
* calculates and pays deposit insurance compensations and compensations for insurance of liabilities to investors;
* invests resources of the administrated funds and of the equity capital of the insurance company;
* handles the accounting of the administrated funds, prepares sets of financial statements, estimates of income and expenses and submits them for approval to the institution exercising rights and duties of the owner of the insurance company;
* supervises the adherence to this Law and the requirements of its implementing legislation by the participants of the deposit insurance system and the participants of the system of insurance of liabilities to investors;
* assesses the terms and conditions of insurance (compensation) of deposits or liabilities to investors or other protection provided by third-country credit institutions, financial brokerage firms and management companies that set up branches in the Republic of Lithuania;
* Carries out self-assessment of risks, as well as the assessment of risks of the Deposit Insurance Fund and the Fund of Insurance of Liabilities to Investors;
* cooperates and exchanges information with the deposit insurance system administrators, supervisory authorities of other Member States and third countries, as well as the European Banking Authority;
* conducts stress testing of the deposit insurance system;
* performs other functions provided for by the Law and other legal acts.

As at 31 December 2019, the Company had no branches and representative offices.

As at 31 December 2019, the Company has not acquired its own shares.

As at 31 December 2019, the Company has not set up any subsidiaries.

In 2019, the average payroll number of the Company’s employees was 17.

In 2018, the average payroll number of the Company’s employees was 18.

## Summary of significant principles of accounting

 The main principles of accounting applied in preparing financial statements of the Fund for the year ended 31 December 2019 are as follows:

### **Form of financial statements**

 Financial statements of the Company were prepared according to the Business Accounting Standards (hereinafter – BAS), which include the standards and interpretations approved by the Authority of Audit and Accounting under the Ministry of Finance of the Republic of Lithuania before 31 December 2019.

Financial year of the Company corresponds to the calendar year.

### **Conformity of financial statements with the Standards**

 Financial statements of the Company for 2019 were prepared separately according to the BAS, as provided for by Article 45(1) of the Law.

### **Reporting currency**

 The Company’s accounting records are kept and all amounts in these financial statements are presented in euro (EUR).

### **Intangible fixed assets**

 Intangible assets are accounted for in observance of 13 BAS ‘Intangible assets’. Intangible assets are recognised when future economic benefits from the assets can be expected and the value of assets can be reliably measured. Following initial recognition, intangible assets are carried at acquisition cost, less accrued amortisation and accrued value impairment losses, if any. Intangible assets are amortised applying the straight-line method during the estimated useful life. Intangible assets of the Company are amortised during the period of 3 years.

*Licences*

 Amounts paid for licences are capitalised and amortised during the licence validity period.

*Software*

######  New software acquisition costs are capitalised and recognised as intangible fixed assets when such costs are not a component part of computer equipment. Software is amortised during the period of 3 years.

######  Expenses incurred in recovering or retaining expected economic benefits from operation of available software systems are recognised in expenses of the period during which the works of repair and maintenance are carried out.

### **Tangible fixed assets**

######  Tangible fixed assets are accounted for in observance of 12 BAS ‘Tangible fixed assets’. Tangible fixed assets are carried at acquisition cost, less accrued amortisation and accrued value impairment losses, if any.

######  When assets are sold or written-off, their acquisition cost and accrued depreciation is eliminated in the accounts and profit or loss from sale is recognised in the profit (loss) statement.

######  Initial value of tangible fixed assets comprises the acquisition cost, including non-refundable purchase taxes and all directly attributable expenses related with the preparation of the asset for operation or transfer to the location where the assets will be used.

######  Costs of repair and operation incurred when tangible fixed assets are put into operation normally are recorded in the profit (loss) statement of the period during which they were incurred. In those cases when it can be clearly demonstrated that such costs will increase economic benefits from the use of such tangible fixed assets and/or will extend their the estimated useful economic life, the costs are capitalised summing them up with the acquisition cost of tangible fixed assets.

######  The minimum value of tangible fixed assets applied by the Company is EUR 500.

######  Depreciation is calculated according to the straight-line method over the below specified average useful life:

 Premises 50 years

 Vehicles 6 years
 Office furniture 6 years

 Other tangible fixed assets 4 years

 Computer equipment and means of communication 3 years

 The useful life is regularly revised to ensure that the term of depreciation corresponds to the expected useful life of tangible fixed assets.

### **Value impairment of intangible and tangible fixed assets**

 On the reporting date, the Company revises the residual value of assets to determine whether there are any indications of impairment in their value. If such indications are identified, the Company estimates the recoverable amount of such assets in order to measure the value impairment (if any). As at 31 December 2019, such value impairment was not identified in the Company.

### **Investments**

 According to 18 BAS ‘Financial assets and financial liabilities’, investments in Government securities in the Company are treated as securities held-to-maturity.

 Own capital funds of the Company are invested in observance of the Law, Articles of Association of the Company, the Policy of Investment of the Equity Capital and Administrated Funds approved by the Company’s Council and other related legal acts.

 The investment of funds into deposits and Government securities is based on security, liquidity and profitability criteria.

 Held-to-maturity investments are recorded as long-term financial assets, unless their maturity exceeds twelve months after the balance sheet date.

 Available-for-sale investments are recorded as current assets, where they are planned to be realised within twelve months after the balance sheet date.

 All acquisitions and sales of investments are recognised on the day of their purchase/sale. Upon acquisition, investments are recorded at acquisition value which is equal to the fair value of paid consideration, excluding the costs of conclusion of the transaction.

 Held-to-maturity investments are carried at amortised acquisition cost using the effective interest rate method. The share of amortisation attributed to the reporting period is recorded in items of interest expenses from financing and investing activity in the profit (loss) statement.

 Government securities redeemable within one year after the reporting date are recorded in the line ‘Short-term investments’ of the balance sheet item ‘Other current assets’ and those redeemable after one year and later – in the line ‘Other financial assets’ of the balance sheet item ‘Financial fixed assets’.

 Costs related to the acquisition of securities are recognised in profit (loss) statements as financing and investing activity expenses.

### **Receivables and granted loans**

 According to 18 BAS ‘Financial assets and financial liabilities’, upon initial recognition, receivables are recorded at acquisition cost. Later, short-term receivables are recorded taking account of their value impairment and long-term receivables – at discounted value less value impairment losses.

### **Inventories**

 The accounting for inventories is carried out according to 9 BAS ‘Inventories’. Upon registration of inventories in the accounting and applying the continuous inventory accounting method they are measured at acquisition cost and when preparing financial statements – at acquisition (production) cost or net realisable value whichever of the two is smaller. When estimating the cost of inventories used in the Company’s activities or sold, the Company applies FIFO method (assuming that inventory items that were purchased or produced first are used first). Maintenance inventory which is used in the Company’s activities for more than one year and the price of which is from EUR 50 to EUR 500, after putting into operation and writing down to operating expenses is recorded in the off-balance sheet account.

### **Cash and cash equivalents**

 According to 18 BAS ‘Financial assets and financial liabilities’, cash and cash equivalents comprise cash held in the Company’s bank account. Cash equivalents are short-term liquid investments that are readily convertible to known amounts of cash. Maturity of such investments is up to three months and they are subject to an insignificant risk of changes in value.

 In the cash flow statement, cash and cash equivalents comprise cash with bank, other short-term highly liquid investments.

### **Assets delegated for administration**

 Pursuant to Article 36(4) of the Law, the purposes of the Company’s activities include:

* the insurance of depositor’s deposits, liabilities to investors;
* the administration of the Deposit Insurance Fund, the Fund of Insurance of Liabilities to Investors, and the Resolution Fund (hereinafter – the administrated funds).

 Since 1996, the Company administrates the Deposit Insurance Fund, since 2002 – the Fund of Insurance of Liabilities to Investors, and since 2015 – the Resolution Fund.

 The administrated funds are not legal entities. The Company administrates them and acts on their behalf. The objects and type of the administrated funds are defined in Chapters II, III and IV of the Law.

 Pursuant to Article 45(2) of the Law, the Company keeps separate accounts for each administrated fund and prepares separate sets of financial statements for each of them in accordance with the procedure set forth in the Law of the Republic of Lithuania on Financial Accounts of the Public Sector.

### **Debt liabilities**

 According to 18 BAS ‘Financial assets and financial liabilities’, upon initial recognition, the Company’s debts are recognised at acquisition cost. Each time when financial statements are prepared debt liabilities are re-measured deducting impairment losses from acquisition cost.

### **Equity capital of the Company**

 The Company’s equity capital is formed in accordance with Article 43 of the Law. All profit of the Company is transferred to the mandatory reserve.

### **Recognition of the Company’s income and expenses**

 Income and expenses of the Company are registered in the accounting and presented in financial statements on accrual basis of income and expenses.

 According to 10 BAS ‘Income’, the Company’s income is recognised, registered in the accounting and presented in financial statements during the reporting period in which it is earned, irrespective of the time of receiving the money.

 Pursuant to Article 44 of the Law, the Company recognises as income:

 - the fee for the administration of the funds (the Deposit Insurance Fund, the Fund of Insurance of Liabilities to Investors and the Resolution Fund):

 - the income from investment of equity capital of the Company;

 - other income.

 According to 11 BAS ‘Expenses’, expenses are recognised and registered in the accounting during the period in which they are incurred – when related income is earned, services are provided, actions are carried out in performing the assigned functions irrespective of the time of spending the money and when their value can be reliably measured.

 Pursuant to Article 44 of the Law, the Company recognises as expenses:

 - expenses of administration of the administrated funds;

 - costs of investment of the Company’s equity capital;

 - other expenses.

 The amount of expenses, as a rule, is measured at the paid or payable amount of money, including VAT. Expenses of the Company related to the funds assigned to it for administration are classified into the Company’s staff maintenance costs, administrative expenses, costs of use and maintenance of assets and depreciation.

### **Value impairment of financial assets**

 According to 18 BAS ‘Financial assets and financial liabilities’, the value impairment of financial assets is measured at each balance sheet date.

 When it is clear the Company will not recover all amounts receivable by the agreed payment deadlines, the loss of value impairment of financial assets recorded at amortised cost and of bad debts is recognised in the profit (loss) statement. Reversed value impairment loss recognised in previous periods is recorded when the decrease of such loss can be objectively demonstrated by events occurring after recording of impairment. Such reversal is reflected in the profit (loss) statement. However, the increase in carrying amount should not exceed the amortised cost which would apply if the impairment was not recognised.

### **Taxes**

 The Company does not pay the corporate income tax, the real estate tax and the value added tax. Since 2005, the Company pays into the State Budget the tax for use of state assets by trust at the tax rate of 0.05% from the Company owner’s capital.

### **Foreign currency**

 According to 22 BAS ‘Changes in foreign exchange rates’, foreign currency transactions are recorded at the official exchange rate applicable on the transaction day. Profit and loss from such transactions and balances of assets and liabilities expressed in foreign currency on the balance sheet revaluation date are recorded in the profit (loss) statement. Revaluation of such balances is carried out applying the currency exchange rate of the end of the reporting period.

### **Use of estimates in preparing financial statements**

 19 BAS ‘Provisions, contingent liabilities and contingent assets and events after the balance sheet date’ requires making certain assumptions and estimates that influence the presented amounts of assets, liabilities, income and expenses and disclosure of contingencies. Significant areas of these financial statements in which estimates are used include depreciation and value impairment estimates. The result of change in such estimates is not recorded in financial statements of the Company because it has not been identified.

### **Related parties**

The Ministry of Finance of the Republic of Lithuania, members of the Company’s Council who directly or indirectly control the Company are considered to be related parties, provided that such relationships allows one of the parties to exercise control or have significant influence over the other party when taking financial or management decisions.

### **Events after the balance sheet date**

 Events after the balance sheet date which provide additional information about the Company’s position on the balance sheet date (adjusting events) are reflected in financial statements. Events after the balance sheet date that are not adjusting events are described in the notes when this is relevant.

### **Management of financial risks**

 In its activities, the Company is exposed to different financial risks. Risk management methods are presented below:

#### Credit risk

 Credit risk or risk that the partner will default on his obligations is controlled by applying credit time limits and controls of procedures.

#### Currency risk

 The Company is not exposed to the risk of change in foreign currency exchange rates in respect of purchase and sale amounts which are recorded in currencies other then euro. In 2019, the Company was not exposed to any foreign currency exchange change risks.

#### Liquidity risk

 According to its policy, the Company aims at maintaining the adequate flow of cash and cash equivalents. Funds are invested in debt securities of governments with high borrowing rating; therefore, investments can be sold at desired time.

*Interest rate risk*

 For the purpose of managing the interest rate risk, the modified duration ratio of investments in securities the value of which does not exceed 3 is considered as the acceptable risk level (from 14 December 2018, the modified duration ratio of is 5 according to the Description of procedure for investment of equity capital funds of SC ‘Indėlių ir investicijų draudimas’ approved by Order No 1K-437 of the Minister of Finance of the Republic of Lithuania). The following methods and assumptions are used in order to assess financial assets and liabilities of each type:

 - the carrying amount of short-term trade receivables, short-term trade payables and short-term debts is close to their fair value;

 - the fair value of long-term debts is determined on the basis of the market price or interest rate of the same or similar loan applicable at the same time to debts of the same maturity. The fair value of long-term debts on which variable interest is paid is close to their carrying amount.

## Explanatory notes

### **Note 1. Intangible fixed assets**

*Table 1. Changes of intangible assets during the reporting period*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Items | Development works | Goodwill | Patents, licences, etc. | Software | Other intangible assets | Total  |
|  | **Residual value at the end of the previous financial year, 31 December 2018** |  |  |  | **10,944** | **4,017** | **14,961** |
| **a)** | **Intangible fixed assets at acquisition cost**  |  |  |  |  |  |  |
|  | At the end of the previous financial year |  |  |  | 71,038 | 2,600 | 73,638 |
|  | Changes of 2018: |  |  |  |  |  |  |
|  | - acquisition of assets |  |  |  |  | 3,200 | 3,200 |
|  | - assets disposed to other persons and written-off (-) |  |  |  | (419) |  |  (419) |
|  | - transfers between items +/(-) |  |  |  |  |  |  |
|  | **At the end of the previous financial year, 31 December 2018** |  |  |  | **70,619** | **5,800** | **76,419** |
| **b)** | **Amortisation** |  |  |  |  |  |  |
|  | At the end of the previous financial year |  |  |  | 48,446 | 866 | 49,312 |
|  | Changes of 2018: |  |  |  |  |  |  |
|  | - amortisation of the financial year |  |  |  | 11,647 | 917 | 12,564 |
|  | - reversing entries (-) |  |  |  |  |  |  |
|  | - amortisation of assets disposed to other persons and written-off (-)  |  |  |  | (418) |  | (418) |
|  | - transfers between items +/(-) |  |  |  |  |  |  |
|  | **At the end of the previous financial year, 31 December 2018** |  |  |  | **59,675** | **1,783** | **61,458** |
| **c)** | **Intangible fixed assets at acquisition cost** Changes of 2019 financial year:- acquisition of assets- assets disposed to other persons and written-off |  |  |  | 70,619 | 5,8003,872 | 76,4193,872 |
|  | - transfers between items +(-) |  |  |  |  |  |  |
| **d)** | **At the end of the previous financial year, 31 December 2018** |  |  |  | **70,619** | **9,672** | **80,291** |
|  |

|  |
| --- |
| **Amortisation** |
| At the end of the previous financial year |
| Changes of 2019: |
| - amortisation of the financial year |
| - reversing entries (-) |
| - amortisation of assets disposed to other persons and (-)  |
| - transfers between items +/(-) |

 |  |  |  | 59,6758,267 | 1,7831,853 | 61,45812,564 |
|  | **At the end of the financial year, 31 December 2019** |  |  |  | **67,942** | **3,636** | **71,578** |
| **g)** |

|  |
| --- |
| **Value impairment** |
| At the end of the previous financial year |
| Changes of 2019: |
| - amortisation of the financial year |
| - reversing entries (-) |
| - amortisation of assets disposed to other persons and written-off (-)  |
| - transfers between items +/(-) |

 |  |  |  |  |  |  |
|  | **At the end of the financial year, 31 December 2019** |  |  |  |  |  |  |
| **f)** | **Residual value at the end of the financial year, 31 December 2019 (c)-(d)-(g)**  |  |  |  | **2,677** | **6,036** | **8,713** |

The Company has no internally created intangible fixed assets. Amortisation costs of intangible fixed assets are recorded in general and administrative expenses in line 6 of the profit (loss) statement.

### **Note 2. Tangible fixed assets**

*Table 1. Development of tangible assets during the reporting period*

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Items  | Land | Buildings and structures | Machinery and equipment  | Vehicles | Other fixtures, fittings, tools and equipment | Construction in progress | Other tangible assets | Total |
|  | **Residual value at the end of the previous financial year, 31 December 2018** |  | **13,656** |  | **5,366** | **11,160** |  |  | **30,182** |
| **a)** | **Acquisition cost** |  |  |  |  |  |  |  |  |
|  | At the end of the previous financial year |  | 100,408 |  | 34,175 | 70,534 |  |  | 205,117 |
|  | Changes of 2018: |  |  |  |  |  |  |  |  |
|  | - acquisition of assets  |  |  |  |  | 4,709 |  |  | 4,709 |
|  | - assets disposed and written-off (-) |  |  |  | (17,377) |  |  |  | (17,377) |
|  | - transfers between items +/(-)  |  |  |  |  |  |  |  |  |
|  | **At the end of the previous financial year, 31 December 2018** |  | **100,408** |  | **16,798** | **75,243** |  |  | **192,449** |
| **b)** | **Depreciation**  |  |  |  |  |  |  |  |  |
|  | At the end of the previous financial year |  | 84,014 |  | 23,114 | 58,241 |  |  | 151,201 |
|  | Changes of the financial year: |  |   |  |  |  |  |  |  |
|  | - depreciation of the financial year |  | 2,738 |  | 4,972 | 5,734 |  |  | 14,168 |
|  | - reversing entries (-) |  |  |  |  |  |  |  |  |
|  | - depreciation of assets disposed to other persons and written-off (-) |  |  |  | (16,654) |  |  |  | (16,654) |
|  | - transfers between items +/(-) |  |  |  |  |  |  |  |  |
|  | **At the end of the previous financial year, 31 December 2018** |  | **86,752** |  | **11,432** | **64,083** |  |  | **162,267** |
| **c)** | **Acquisition cost** |  |  |  |  |  |  |  |  |
|  | At the end of the previous financial year |  | 100,408 |  | 16,798 | 75,243 |  |  | 192,449 |
|  | Changes of 2019 financial year: |  |  |  |  |  |  |  |  |
|  | - acquisition of assets |  |  |  |  | 9,149 |  |  | 9,149 |
|  | - assets disposed and written-off (-) |  |  |  |  | (350) |  |  | (350) |
|  | - transfers between items +/(-)  |  |  |  |  |  |  |  |  |
|  | **At the end of the financial year, 31 December 2019** |  | **100.408** |  | **16,798** | **84,042** |  |  | **201,248** |
| **d)** | **Depreciation**  |  |  |  |  |  |  |  |  |
|  | At the end of the previous financial year |  | 86,752 |  | 11,432 | 64,083 |  |  | 162,267 |
|  | Changes of the financial year: |  |   |  |  |  |  |  |  |
|  | - depreciation of the financial year |  | 2,738 |  | 2,799 | 7,585 |  |  | 13,122 |
|  | - reversing entries (-) |  |  |  |  |  |  |  |  |
|  | - depreciation of assets disposed to other persons and written-off (-) |  |  |  |  | (350) |  |  | (350) |
|  | - transfers between items +/(-) |  |  |  |  |  |  |  |  |
|  | **At the end of the financial year, 31 December 2019** |  | **89,490** |  | **14,231** | **71,318** |  |  | **175,039** |
| **e)** | **Value impairment** |  |  |  |  |  |  |  |  |
|  | At the end of the previous financial year |  |  |  |  |  |  |  |  |
|  | Changes of the financial year: |  |  |  |  |  |  |  |  |
|  | - value impairment of the financial year  |  |  |  |  |  |  |  |  |
|  | - reversing entries (-)  |  |  |  |  |  |  |  |  |
|  | - of assets disposed to other persons and written-off (-) |  |  |  |  |  |  |  |  |
|  | - transfers between items +/(-) |  |  |  |  |  |  |  |  |
|  | **At the end of the financial year, 31 December 2019** |  |  |  |  |  |  |  |  |
| **f)** | **Residual value at the end of the financial year, 31 December 2019 (a)+(b)-(c)-(d)**  |  | **10,918** |  | **2,567** | **12,724** |  |  | **26,209** |

The costs of depreciation of tangible assets are recorded in line item 6 of general and administrative expenses in the profit (loss) statement.

######  Depreciation is calculated according to the straight-line method over the average useful life specified below:

 Premises 50 years

 Vehicles 6 years
 Office furniture 6 years

 Other tangible fixed assets 4 years

 Computer equipment and means of communication 3 years

**Note 3**. **Mortgage of tangible fixed assets**

 As at 31 December 2019, the Company had no mortgaged tangible fixed assets.

### **Note 4. Amortised and depreciated tangible and intangible fixed assets in use**

*Table 3. Depreciated (amortised) assets in use*

|  |  |
| --- | --- |
| **Groups of fixed assets** | **Acquisition cost** |
| Software | 61,247 |
| Furniture | 15,701 |
| Computer equipment | 25,998 |
| Means and communication and other equipment | 13,996 |
| **Total** | **116,942** |

**Note 5. Other financial assets**

Line item 3 ‘FINANCIAL ASSETS’ of part A of the balance sheet contains data on long-term debt securities held to maturity acquired by the Company and redeemable after one year or later and line item 3 ‘SHORT-TERM INVESTMENTS’ of part B of the balance sheet – the data about short-term debt securities.

# *Table 4. Changes of financial assets held-to-maturity in 2018-2019*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Seq. No** | **Financial asset** | **Carrying amount at the beginning of the reporting period**  | **During the reporting period** | **Carrying amount at the end of the reporting period** |
| **Purchased (at acquisition cost)** | **Sold****(at carrying amount at the moment of sale)** | **Transfers between groups of financial assets** | **Amortisation amount** | **Effects of exchange rate changes** | **Cash inflows** | **Written down** | **Depreciated** |
| 1 | 2 | 3 | ~~4~~ | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| **1.** | **Long-term financial assets and granted loans in 2018** | **2,424,313** | **5,321,622** |  | **(494,381)** | **27,227** |  | **(97,262)** |  |  | **7,181,519** |
| 1.1. | Granted loans |  |  |  |  |  |   |   |   |   |   |
| 1.2. | Bonds | 2,424,313 |  |  | (494,381) | 27,227 |   | (97,262) |   |   | 7,181,519  |
| 1.3. | Notes |  |  |  |  |  |   |   |   |   |   |
| 1.4. | Other non-equity securities  |  |  |  |  |  |   |   |   |   |  |
| **2.** | **Short-term financial assets and granted loans** | **986,430** |  |  | **494,381** | **12,623** |  | **(999,053)** |   |   | **494,381** |
| 2.1. | Granted loans |   |   |   |   |   |   |   |   |   |   |
| 2.2. | Bonds | 986,430 |   |   | 494,381  | 12,623  |   | (999,053)  |   |   | 494,381  |
| 2.3. | Notes |   |   |   |   |   |   |   |   |   |   |
| 2.4. | Other non-equity securities  |  |  |  |  |  |   |   |   |   |  |
| 2.5. | Short-term time deposits  |   |   |   |   |   |   |   |   |   |   |
| **3.** | **Total in 2018** | **3,410,743** |  |  | - | **39,850** |   | **(1,096,315)** |   |   | **7,675,900** |
| **1.** | **Long-term financial assets and granted loans in 2019** | **7,181,519** | **5,162,403** |  | **(1,252,998)** | **53,126** |  | **(118,696)** |  |  | **11,025,354** |
| 1.1. | Granted loans |  |  |  |  |  |   |   |   |   |   |
| 1.2. | Bonds | 7,181,519 | 5,162,403 |  | (1.252.998) | 53,126 |   | (118,696) |   |   | 11,025,354  |
| 1.3. | Notes |  |  |  |  |  |   |   |   |   |   |
| 1.4. | Other non-equity securities  |  |  |  |  |  |   |   |   |   |  |
|  | Long-term time deposits  |  |  |  |  |  |  |  |  |  |  |
| **2.** | **Short-term financial assets and granted loans** | **494,381** | **3,000,000** |  | **1,252,998** | **1,260** |  | **(495,641)** |  |  | **4,252,998** |
| 2.1. | Granted loans |   |   |   |   |   |   |   |   |   |   |
| 2.2. | Bonds | 494,381 |   |   | 1,252,998  | 1,260 |   | (495,641)  |   |   | 1,252,998 |
| 2.3. | Notes |   |   |   |   |   |   |   |   |   |   |
| 2.4. | Other non-equity securities  |  |  |  |  |  |   |   |   |   |  |
| 2.5. | Short-term time deposits  |   |  3,000,000 |   |   |   |   |   |   |   | 3,000,000  |
| **3.** | **Total in 2019** | **7,675,900** | **8,162,403** |  | - | **54,386** |   | **(614,337)** |   |   | **15,278,352** |

###  The information on the Company’s investments in Government securities (bonds) of Lithuania is presented below.

###### *Table 5. Investments of the Company in government securities*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **GS** **(ISIN No)** | **Redemption date** | **Coupon rate** | **Portfolio share** | **Nominal value per unit, in EUR**  | **Nominal value** | **Carrying amount as at** **31 12 2019, EUR** |
| LT0000610065 | 28 02 2023 | 4.10% | 4.77% | 0.01 | 549,302 | 585,134 |
| LT0000607087 | 03 10 2020 | 3.40% | 10.20% | 0.01 | 1,214,682 | 1,252,998 |
| LT0000607010 | 28 08 2021 | 2.10% | 10.16% | 100 | 1,200,000 | 1,248,335 |
| LT0000610073 | 26 04 2027 | 1.10% | 3.28% | 100 | 400,000 | 403,128 |
| LT0000630055 | 31 01 2021 | 0.00% | 22.79% | 100 | 2,800,000 | 2,799,088 |
| LT0000670028 | 23 08 2024 | 0.70% | 6.74% | 100 | 825,000 | 827,051 |
| LT0000630063 | 20 03 2022 | 0.10% | 2.45% | 100 | 300,000 | 300,228 |
| LT0000670036 | 21 11 2025 | 0.80% | 4.10% | 100 | 500,000 | 503,447 |
| LT0000670036 | 21 11 2025 | 0.80% | 4.08% | 100 | 500,000 | 501,226 |
| LT0000670036 | 21 11 2025 | 0.80% | 4.08% | 100 | 500,000 | 499,626 |
| LT0000650053 | 17 04 2024 | 0.40% | 2.45% | 100 | 300,000 | 300,693 |
| LT0000610073 | 26 04 2027 | 1.10% | 2.34% | 100 | 280,200 | 287,033 |
| LT0000610073 | 26 04 2027 | 1.10% | 2.51% | 100 | 300,000 | 307,573 |
| LT0000610057 | 17 05 2022 | 5.50% | 2.84% | 100 | 300,000 | 348,771 |
| LT0000650046 | 16 08 2023 | 0.40% | 4.13% | 100 | 500,000 | 506,902 |
| LT0000610081 | 28 08 2029 | 0.20% | 1.63% | 100 | 200,000 | 199,545 |
| LT0000610073 | 26 04 2027 | 1.10% | 4.09% | 100 | 500,000 | 503,076 |
| LT0000650053 | 17 04 2024 | 0.40% | 2.47% | 100 | 300,000 | 303,266 |
| LT0000610081 | 28 08 2029 | 0.20% | 4.08% | 100 | 500,000 | 502,256 |
| LT0000610081 | 28 08 2029 | 0.20% | 0.81% | 100 | 100,000 | 98,976 |
| **Total:** | **100%** | **--** | **12,069,184** | **12,278,352** |

**Note 6. Inventories**

*Table 6. Inventories*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Items** | **Materials and supplies**  | **Work in progress** | **Finished goods** | **Total** |
| **At the end of 2019:** |  |  |  |  |
| 1. Acquisition cost of inventories
 | 62 |  |  | 62 |
| 1. Write-off to net realisable value
 |  |  |  |  |
| 1. Net realisable value
 | 62 |  |  | 62 |
| **At the end of 2018:** |  |  |  |  |
| 1. Acquisition cost of inventories
 | 26 |  |  | 26 |
| 1. Write-off to net realisable value
 |  |  |  |  |
| 1. Net realisable value
 | 26 |  |  | 26 |

 At the end of the reporting financial year, inventories of the Company totalled EUR 62.

**Note 7. Paid advances**

 Line item 1.7 ‘Paid advances’ of part B of the balance sheet contains the data on advances for services paid to suppliers by the Company.

 *Table 7. Prepayments*

|  |  |  |
| --- | --- | --- |
| **Items** | **31 12 2019** | **31 12 2018** |
| Other prepayments  | 171 | 379 |
| **Total:** | **171** | **379** |

**Note 8. Amounts receivable within one year**

 Line item 2 ‘Amounts receivable within one’ year of part B of the balance sheet contains the data about other receivables (EUR 21 of recoverable litigation costs awarded to the Company; EUR 272 of accrued interest receivable on the time deposit and EUR 107,443 amount receivable for the administration of the funds).

*Table 8. Amounts receivable*

|  |  |  |
| --- | --- | --- |
| **Items** | **31 12 2019** | **31 12 2018** |
| Other amounts receivable | 107,736 | 124.023 |
| **Total:** | **107.736** | **124.023** |

**Note 9. Short-term investments**

 At the end of the reporting period, the Company held short-term investments – securities in the amount of EUR 3,000,000 (tables 4 and 5).

**Note 10. Cash and cash equivalents**

 *Table 9. Monetary funds of the Company*

|  |  |  |
| --- | --- | --- |
| **Items** | **31 12 2019** | **31 12 2018** |
| Cash at bank | 622,529 | 8,138,709 |
| **Total:** | **622,529** | **8,138,709** |

**Note 11. Deferred expenses**

 The data on deferred expenses of the Company are presented in part C of the balance sheet.

 *Table 10. Deferred expenses*

|  |  |  |
| --- | --- | --- |
| **Items** | **31 12 2019** | **31 12 2018** |
| Subscription, licences | 696 | 633 |
| Property insurance  | 368 | 442 |
| Professional training | 639 | 1,791 |
| Other | - | 275 |
| **Total:** | **1,703** | **3,141** |

### **Note 12. Profit (loss) distribution plan**

 Pursuant to Article 43 of the Law, the total Company’s profit recognised in 2018 amounting to EUR 45,356 was included in the statutory reserve. The profit of EUR 55,016 recognised in 2019 will be credited to the statutory reserve.

 *Table 11. Profit (loss) distribution in 2019*

|  |  |  |
| --- | --- | --- |
| **Items** | **31 12 2019** | **31 12 2018** |
| **Retained profit (loss) of the previous financial year at the end of the reporting financial year**  | - | - |
| Net profit (loss) of the reporting financial year | 55,016 | 45,356 |
| Profit (loss) of the reporting financial year not recognised in the profit (loss) statement  |  |  |
| **Distributable result – profit (loss) at the end of the reporting financial year** | 55,016 | 45,356 |
| Transfers from reserves |  |  |
| Distributable profit (loss)  |  |  |
| Profit share transferred to the mandatory reserve | 55,016 | 45,356 |
| Profit share transferred to reserves used for employee bonuses, social, cultural, etc., purposes  |  |  |
| Profit share transferred to other reserves |  |  |
| Company’s profit share paid into the State or municipal budgets  |  |  |
| Undistributed result – profit (loss) carried forward to the next financial year  |  |  |

**Note 13. Amounts payable and obligations of the Company**

*Table 12. Amounts payable*

| **Items** | **31 12 2019** | **31 12 2018** |
| --- | --- | --- |
| Trade payables | **3,879** | **16,509** |
| Received prepayments |  |  |
| Obligations related to employment relationships | **62,511** | **46,699** |
| *of which:* |  |  |
| – *other accumulated reserves* | 26,478 | 25,930 |
| – *holiday reserve* | 36,033 | 19,969 |
| – *other obligations related to employment relationships* |  | 800 |
| Other amounts payable and short-term liabilities: | **36** | **80** |
| *Other obligations* | *36* | *80* |
| **Total**  | **66,426** | **63,288** |

**Note 14. Sales income** **– general and administrative expenses**

 The Company’s income comprises the proceeds of the Deposit Insurance Fund, the Fund of Insurance of Liabilities to Investors for covering the costs of administration of these Funds and the contributions paid by participants of the Resolution Fund for administration.

 *Table 13. Sales income of the Company*

|  |  |  |
| --- | --- | --- |
| **Indicators** | **31 12 2019** | **31 12 2018** |
| **Sales income:** |  |  |
| *Fee for the administration of the DIF* | 734,869 | 673,471 |
| *Fee for the administration of the FILI* | 1,174 | 1,000 |
| *Contributions for the administration of the RF\** | 1,000 | 2,078 |
| **Total:** | **737,043** | **675,471** |

 \* In observance of paragraph 44 *Recognition of income* of the Accounting Policy of the Company, contributions for the administration of theResolution Fund are recognised as income in observance of Order No 1K-297 of the Minister of Finance of the Republic of Lithuania of 3 August 2017 on approval of the methodology for calculation of annual contributions for administration of the Resolution Fund. The annual share of the contribution for administration is not less than EUR 1,000.

##  *Table 14. Expenses*

|  |  |  |
| --- | --- | --- |
| **Items** | **31 12 2019** | **31 12 2018** |
| **Company’s staff maintenance costs:** | **584,429** | **513,173** |
| Wages to employees | 574,757 | 407,807 |
| Taxes related to wages | 9,672 | 105,366 |
| **Administrative expenses and property use and maintenance costs:**  | **124,874** | **131,683** |
| Administrative expenses | 107,949 | 117,36 |
| Property use and maintenance costs | 16,925 | 14,318 |
| **Expenses for taxes on activities** | **4,498** | **4,498** |
| **Asset depreciation and amortisation costs** | **23,242** | **26,117** |
| **Total:** | **737,043** | **675,471** |

 **Note 15. Other operating results**

Information about results of other activities of the Company: in 2019, the Company had no income and expenses from other activities.

*Table 15. Other operating results*

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Items** | **31 12 2019** | **31 12 2018** |
| a) | OTHER OPERATING INCOME  | **0** | **6,549** |
|  | *Breakdown of significant amounts:* |  |  |
|  | From disposal of fixed assets | 0 | 6,477 |
|  | Other income |  | 72 |
| b) | OTHER OPERATING EXPENSES | **0** | **0** |
|  | *Breakdown of significant amounts:*  |  |  |
|  | Other operating expenses |  |  |
| c) | OTHER OPERATING RESULT (a-b)  | **0** | **6,549** |

 **Note** **16. Financing and investing activities**

 Information about financing and investing activities of the Company: other interest income and similar income is shown in line item 10 and interest expenses and other expenses – in line item 12 of the profit (loss) statement.

###### *Table 16. Results of financing and investing activities*

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Items** | **31 12 2019** | **31 12 2018** |
| a) | FINANCING AND INVESTING ACTIVITY INCOME  | **58,033** | **39,851** |
|  | *Breakdown of significant amounts:* |  |  |
|  | Interest on GSs | 54,385 | 39,851 |
|  | Interest on time deposits with the Bank of Lithuania and funds in the Company’s account | 3,648 | 0 |
|  | Positive result of exchange rate changes |  |  |
|  | Penalties and fines |  |  |
|  | Other financing activity income |  |  |
| b) | FINANCING AND INVESTING ACTIVITY EXPENSES | **(3,017)** | **(1,044)** |
|  | *Breakdown of significant amounts:*  |  |  |
|  | Fees and commissions for safekeeping of GSs | (3,017) | (1,044) |
|  | Negative result of exchange rate changes |  |  |
|  | Penalties and fines |  |  |
| c) | FINANCING AND INVESTING ACTIVITY RESULT (a-b)  | **55,016** | **38,807** |

### **Note 17. Financial relationships with the Administration of the Company**

 In 2019, the Company’s Administration consisted of 3 employees: the Director, the Deputy Director and the Chief Accountant. In 2019, compared with 2018, the increase in the estimated amounts was predetermined by the number of employees assigned in 2019 (their number increased by one employee), the applicable wage index of 1.289 and increase in the basic wage applied when calculating remuneration to managers.

*Table 17. Financial relationships with the Administration of the Company*

|  |  |  |
| --- | --- | --- |
| **Items** | **31 12 2019** | **31 12 2018** |
| Amounts related to employment relationships calculated per year  | 162,784 | 93,799 |
| Average annual number of administrative staff  | 3 | 2 |

**Note 18. Rights and obligations not reflected in the balance sheet**

 Contingent assets usually comprise assets which due to events that are out of the Company’s control may belong to the Company and generate economic benefits to it (e.g., pending legal proceedings in which the Company can expect compensation for legal costs).

 Contingent assets are not reflected in financial statements until it is not clear whether they will generate economic benefits to the Company. When economic benefits are likely, the information on contingent assets is disclosed in the explanatory notes.

### **Note 19. Events after the balance sheet date**

 In performing its functions, the Company participates in legal disputes related to the settlement of credit claims of the Deposit Insurance Fund with bankrupt credit institutions. According to the data of 31 December 2019, the Company, as a defendant or third party representing the Deposit Insurance Fund participated in 47 pending cases the claims of which amounted to EUR 7.99 million.

### **Note 20. Administrated Funds**

 The Company administrates the Deposit Insurance Fund, the Fund of Insurance of Liabilities to Investors and the Resolution Fund that are not legal persons. As of 31 December 2019, assets of the Funds administrated by the Company totalled EUR 207,928,587.

*Table 18. Assets of the Funds administrated by the Company*

|  |  |  |
| --- | --- | --- |
| **Fund administrated by the Company** | **31 12 2019** | **31 12 2018** |
| Deposit Insurance Fund | 205,166,079 | 199,362,251 |
| Fund of Insurance of Liabilities to Investors | 2,757,508 | 2,693,136 |
| Resolution Fund | 5,000 | 4,009 |
| **Total** | **207,928,587** | **202,059,396** |

The accounting of the Funds is handled in observance of the Public Sector Accounting and Financial Reporting Standards. The sets of financial statements are prepared for each Fund separately.

The financial position of each Fund is explained in greater detail and the explanatory information is provided in financial statements of the Funds for 2019.

Director Aurelija Mažintienė

Chief Accountant Laima Tankevičiūtė