

**STATE COMPANY
'INDĖLIŲ IR INVESTIJŲ DRAUDIMAS'**

**ANNUAL FINANCIAL STATEMENTS
2018**

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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:	1 March 2018
Phone:	(8-5) 213 56 57
E-mail address:	idf@idf.lt
Website:	www.iidraudimas.lt
Management bodies of the Company:	Council and Director of the Company
Chair of the Council:	Sigitas Mitkus, Director of Financial Markets Policy Department of the Ministry of Finance
Deputy Chair of the Council:	Lina Frejutė, Deputy Head of Project Management Division of the Ministry of Finance
Members of the Council:	Audrutė Dziskienė, Senior Advisor of Financial Markets Policy Department of the Ministry of Finance; Renata Bagdonienė, Director of Financial Services and Markets Supervision Department of the Supervision Service of the Bank of Lithuania Gediminas Šimkus, Director of 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 'INDELIŲ 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 2018**

6 March 2019 No

2018

Presentation currency and accuracy: EUR

Seq. No	ITEMS	Note No	31 12 2018	31 12 2017
	ASSETS			
A.	FIXED ASSETS		7,226,662	2,488,387
1.	INTANGIBLE ASSETS	1	14,961	24,326
1.1.	Development works			
1.2.	Software		10,944	22,592
1.3.	Concessions, patents, licenses, trademarks and similar rights			
1.4.	Other intangible assets		4,017	1,734
1.5.	Advances paid			
2.	TANGIBLE ASSETS	2,3,4	30,182	39,748
2.1.	Land			
2.2.	Buildings and structures		13,656	16,394
2.3.	Machinery and equipment			
2.4.	Vehicles		5,366	11,061
2.5.	Other fixtures, fittings, tools and equipment		11,160	12,293
2.6.	Investment assets			
2.6.1.	Land			
2.6.2.	Buildings			
2.7.	Advances paid and fixed assets' construction (works) in progress			
3.	FINANCIAL ASSETS	5	7,181,519	2,424,313
3.1.	Amounts receivable after one year			
3.2.	Other financial assets		7,181,519	2,424,313
4.	OTHER FIXED ASSETS			
4.1.	Deferred income tax assets			
4.2.	Biological assets			
4.3.	Other assets			
B.	CURRENT ASSETS		8,757,518	13,427,690
1.	INVENTORIES		405	479
1.1.	Materials and supplies			
1.2.	Unfinished goods and works in progress	6	26	111
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	379	368
2.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	8	124,023	7,589
2.1.	Trade receivables			
2.2.	Other receivables		124,023	7,589
3.	SHORT-TERM INVESTMENTS	5,9	494,381	986,430
4.	CASH AND CASH EQUIVALENTS	10	8,138,709	12,433,192
C.	DEFERRED EXPENSES AND ACCRUED INCOME	11	3,141	4,313
	TOTAL ASSETS		15,987,321	15,920,390

Seq. No	EQUITY AND LIABILITIES	Note No	31 12 2018	31 12 2017
D.	EQUITY CAPITAL		15,924,033	15,878,677
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		6,883,319	6,839,903
5.1.	Mandatory		6,883,319	6,839,903
5.2.	Other reserves			
6.	RETAINED PROFIT (LOSS)	12	45,356	43,416
6.1.	Profit (loss) of the reporting year		45,356	43,416
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		63,288	41,713
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	63,288	41,713
2.1.	Debt liabilities			
2.2.	Debts to credit institutions			
2.3.	Advances received			
2.4.	Trade payables		16,509	18,538
2.5.	Amounts payable according to bills and checks			
2.6.	Corporate income tax obligations			
2.7.	Liabilities related to employment relationships		46,699	22,703
2.8.	Other amounts payable and short-term liabilities		80	472
H.	ACCRUED EXPENSES AND DEFERRED INCOME			
	TOTAL EQUITY CAPITAL AND LIABILITIES		15,987,321	15,920,390

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė

STATE COMPANY 'INDĒLIŲ IR INVESTICIJŲ DRAUDIMAS'

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

PROFIT (LOSS) STATEMENT 31 DECEMBER 2018

6 March 2019 No

2018

Presentation currency and accuracy: EUR

Seq. No	Items	Note No	31 12 2018	31 12 2017
1.	Sales income	14	675,471	492,031
2.	Cost of sales			
3.	Change in fair value of biological assets			
4.	GROSS PROFIT (LOSS)		675,471	492,031
5.	Sales expenses			
6.	General and administrative expenses	14	(675,471)	(492,031)
7.	Other operating results	15	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	39,851	44,184
11.	Decrease in value of financial assets and short-term investments			
12.	Interest expenses and other similar expenses	16	(1,044)	(768)
13.	PROFIT (LOSS) BEFORE TAXES		45,356	43,416
14.	Corporate income tax			
15.	NET PROFIT (LOSS)		45,356	43,416

Director

Aurelija Mažintienė

Acting 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

STATEMENT OF CHANGES IN EQUITY 31 DECEMBER 2018

6 March 2019 No

2018

Presentation currency and accuracy: EUR

		Company owner's capital	Capital corresponding to asserts which in accordance with laws may be solely owned by the State	Capital corresponding to centrally managed State assets	Revaluation reserve		Mandatory reserve	Other reserves	Retained profit (loss)	Total
					Tangible fixed assets	Financial assets				
1.	Balance at the end of the reporting period preceding the previous reporting (annual) period	8,995,358					6,684,376		155,527	15,835,261
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					6,684,376		155,527	15,835,261
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								43,416	43,416
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 be solely owned by the State									
11.	Increase (reduction) of capital corresponding to centrally managed State assets									
12.	Formed reserves						155,527		(155,527)	
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					6,839,903		43,416	15,878,677
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								45,356	45,356
20.	Share of the Company's profit paid into the State or municipal budget									
21.	Increase (reduction) of capital corresponding to assets which in accordance with laws may be solely owned by the State									
22.	Increase (reduction) of capital corresponding to centrally managed State assets									
23.	Formed reserves						43,416		(43,416)	
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					6,883,319		45,356	15,924,033

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė

STATE COMPANY 'INDELIŲ 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

31 DECEMBER 2018

6 March 2019 No

2018

Presentation currency and accuracy: EUR

Seq. No	Items	Note No	31 12 2018	31 12 2017
1.	Cash flows from operating activities			
I.1.	Cash receipts of the reporting period (incl. VAT)		572,282	498,511
I.1.1.	Cash receipts from customers		557,962	471,750
I.1.2.	Other receipts		14,320	26,761
I.2.	Cash payments of the reporting period		(632,951)	(498,180)
I.2.1.	Payments to suppliers of raw materials, goods and services (incl. VAT)		(134,398)	(96,242)
I.2.2.	Payments related to employment relationships		(457,736)	(382,205)
I.2.3.	Taxes paid into the budget		(4,498)	(4,498)
I.2.4.	Other payments		(36,319)	(15,235)
	Net cash flows from operating activities		(60,669)	331
2.	Cash flows from investing activities			
2.1.	Acquisition of fixed assets, except for investments		(7,909)	(11,038)
2.2.	Disposal of fixed assets, except for investments			
2.3.	Acquisition of long-term investments		(5,321,622)	
2.4.	Disposal of long-term investments		974,005	1,250,972
2.5.	Loans granted			
2.6.	Loans recovered			
2.7.	Interest paid			
2.8.	Other increase in cash flows from investing activities		122,310	10,639,893
2.9.	Other decrease in cash flows from investing activities		(598)	(768)
	Net cash flows from investing activities		(4,233,814)	11,879,059
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		(4,294,483)	11,879,390
6.	Cash and cash equivalents at the beginning of the period		12,433,192	553,802
7.	Cash and cash equivalents at the end of the period	10	8,138,709	12,443,192

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė

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 2018

1. 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;
- assesses its own risk, as well as the risk 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;
- conduct stress tests of the deposit insurance system.

As at 31 December 2018, the Company had no branches and representative offices.

As at 31 December 2018, the Company has not acquired its own shares.

As at 31 December 2018, the Company has not set up any subsidiaries.

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

In 2017, the average payroll number of the Company's employees was 16.

2. 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 2018 are as follows:

2.1 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 2018. Financial year of the Company corresponds to the calendar year.

2.2 Conformity of financial statements with the Standards

Financial statements of the Company for 2018 were prepared separately according to the BAS, as provided for by Article 45(1) of the Law.

2.3 Reporting currency

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

2.4 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.

2.5 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 cost of a tangible fixed asset comprises the acquisition cost, including non-refundable purchase taxes and all directly attributable expenses related with the preparation of the asset for operation or bringing to the location where it will be used.

Costs of repair and operation incurred when tangible fixed assets are put into use 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

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

2.6 Decrease in value of intangible and tangible fixed assets

On the date of preparation of financial statements, 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 2018, such value impairment was not identified in the Company.

2.7 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 date of financial statements 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.

2.8 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 impairment losses.

2.9 Inventories

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-off to operating expenses is recorded in the off-balance sheet account.

2.10 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.

2.11 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. They are administrated by the Company which 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.

2.12 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.

2.13 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.

2.14 Recognition of income and expenses of the Company

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:

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

- 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 were 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:

- administration expenses 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 entrusted to it for administration are classified into the Company's staff maintenance costs, administrative expenses, costs of use and maintenance of assets and depreciation.

2.15 Impairment of financial assets

According to 18 BAS 'Financial assets and financial liabilities', 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 evidenced 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 had not been recognised.

2.16 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 capital of the Company's owner.

2.17 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 revaluation balance sheet date are recorded in the profit (loss) statement. Revaluation of such balances is carried out applying the exchange rate of the end of the reporting period.

2.18 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.

2.19 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 relationship enables one of the parties to control or have significant influence over the other party when taking financial or management decisions.

2.20 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.

2.21 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 of counterparty's default on its obligations is controlled by applying credit time limits and controls of procedures.

Currency risk

The Company is not exposed to the risk of changes in foreign exchange rates in respect of purchase and sale amounts recorded in currencies other than euro. In 2017, the Company was not exposed to foreign exchange change risks.

Liquidity risk

The Company's policy is to maintain the adequate flow of cash and cash equivalents. Funds are invested in debt securities of governments with high borrowing rating; therefore, there is a possibility to sell investments at desired times.

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. 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.

3. 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 2017				22,592	1,734	24,326
a)	Intangible fixed assets at acquisition cost						
	At the end of the previous financial year				63,048	2,600	65,648
	Changes of 2017:						
	- acquisition of assets				7,990		7,990
	- assets disposed to other persons and written-off (-)						
	- transfers between items +/-(-)						
	At the end of the previous financial year, 31 December 2017				71,038	2,600	73,638
b)	Amortisation						
	At the end of the previous financial year				35,054	217	35,271
	Changes of 2017:						
	- amortisation of the financial year				13,392	649	14,041
	- reversing entries (-)						
	- amortisation of assets disposed to other persons and written-off (-)						
	- transfers between items +/-(-)						
	At the end of the previous financial year, 31 December 2017				48,446	866	49,312
c)	Intangible fixed assets at acquisition cost						
	Changes of 2018 financial year:						
	- acquisition of assets				71,038	2,600	73,638
	- assets disposed to other persons and written-off				(419)	3,200	3,200
	- transfers between items +/-(-)						(419)
d)	At the end of the previous financial year, 31 December 2018				70,619	5,800	76,419
	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 financial year, 31 December 2018				59,675	1,783	61,458
g)	Value impairment						
	At the end of the previous financial year						
	Changes of 2018:						
	- 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 2018						
f)	Residual value at the end of the financial year, 31 December 2018 (c)-(d)-(g)				10,944	4,017	14,961

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 2. Changes in tangible assets of 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 2017		16,394		11,061	12,293			39,748
a)	Acquisition cost At the end of the previous financial year		100,408		34,175	67,486			202,069
	Changes of 2017: - acquisition of assets - assets disposed and written-off (-) - transfers between items +/(-)					3,048			3,048
	At the end of the previous financial year, 31 December 2017		100,408		34,175	70,534			205,117
b)	Depreciation At the end of the previous financial year		81,276		17,418	52,507			151,201
	Changes of the financial year: - depreciation of the financial year - reversing entries (-) - depreciation of assets disposed to other persons and written-off (-) - transfers between items +/(-)		2,738		5,696	5,734			14,168
	At the end of the previous financial year, 31 December 2017		84,014		23,114	58,241			165,369
c)	Acquisition cost At the end of the previous financial year		100,408		34,175	70,534			205,117
	Changes of 2018 financial year: - acquisition of assets - assets disposed and written-off (-) - transfers between items +/(-)				(17,377)	4,709			4,709 (17,377)
	At the end of the financial year, 31 December 2018		100,408		16,798	75,243			192,449
d)	Depreciation At the end of the previous financial year		84,014		23,114	58,241			165,369
	Changes of the financial year: - depreciation of the financial year - reversing entries (-) - depreciation of assets disposed to other persons and written-off (-) - transfers between items +/(-)		2,738		4,972	5,842			13,552 (16,654)
	At the end of the financial year, 31 December 2018		86,752		11,432	64,083			162,267
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 2018								
f)	Residual value at the end of the financial year, 31 December 2018 (a)+(b)-(c)-(d)		13,656		5,366	11,160			30,182

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

Note 3. Mortgage of tangible fixed assets

As at 31 December 2018, 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	34,785
Furniture	16,372
Computer equipment	20,230
Means and communication and other equipment	11,523
Total	82,910

Costs of depreciation and amortisation are included in general and administrative expenses in line 6 of the annual profit (loss) statement of the Company. The Company uses those depreciated fixed assets in its activities.

Note 5. Other financial assets

Data presented in line 3 'FINANCIAL ASSETS' of part A of the balance sheet about held to maturity long-term debt securities acquired by the Company, redeemable after one year or later and about short-term debt securities reflected in line 3 'SHORT-TERM INVESTMENTS' of part B of the balance sheet.

Table 4. Changes of financial assets held-to-maturity in 2017

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)	Transferred to (from) another group of financial assets	Amortisation amount	Effects of exchange rate changes	Cash receipts	Write-off	Depreciation	
1	2	3	4	5	6	7	8	9	10	11	12
1.	Long-term financial assets and granted loans	3,469,602			(986,430)	38,251		(97,110)			2,424,313
1.1.	Granted loans										
1.2.	Bonds	3,469,602			(986,430)	38,251		(97,110)			2,424,313
1.3.	Notes										
1.4.	Other non-equity securities										
	Long-term time deposits										
2.	Short-term financial assets and granted loans	1,287,823			986,430	5,933		(1,293,756)			986,430
2.1.	Granted loans										
2.2.	Bonds	1,287,823			986,430	5,933		(1,293,756)			986,430
2.3.	Notes										
2.4.	Other non-equity securities										
2.5.	Short-term time deposits										
3.	Total	4,757,425			-	44,184		(1,390,866)			3,410,743

Changes in financial assets held-to-maturity in 2018

Seq. No		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)	Transferred to (from) another group of financial assets	Amortisation amount	Effects of exchange rate changes	Cash receipts	Write-off	Depreciation	
1	2	3	4	5	6	7	8	9	10	11	12
1.	Long-term financial assets and granted loans	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	5,321,622		(494,381)	27,227		(97,262)			7,181,519
1.3.	Notes										
1.4.	Other non-equity securities										
	Long-term time deposits										
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	3,410,743	5,321,622		-	39,850		(1,096,315)			7,675,900

The information on the Company's investments in Government securities (bonds) of Lithuania and Latvia is presented below.

Table 5. Company's investments in GSs

GS (ISIN No)	Redemption date	Coupon rate	Portfolio share	Nominal value per unit, in EUR	Nominal value	Carrying amount as at 31 12 2018, EUR
LT0000610065	28 02 2023	4.10%	7.7 %	0.01	549,302	590,490
LT0000607087	03 10 2020	3.40%	16.8%	0.01	1,214,682	1,290,281
LT0000630022	30 03 2019	0.60%	0.9%	100	70,400	70,729
LV0000570125	21 11 2019	1.88%	5.5%	1,000	417,000	423,652
LT0000607010	28 08 2021	2.10%	16.6%	100	1,200,000	1,272,287
LT0000610073	26 04 2027	1.10%	5.3%	100	400,000	403,155
LT0000630055	31 01 2021	0.00%	36.5%	100	2,800,000	2,798,249
LT0000670028	23 08 2024	0.70%	10.8%	100	825,000	827,057
Total:			100%	*	7,476,384	7,675,900

Note 6. Inventories

Table 6. Inventories

Items	Materials and supplies	Work in progress	Finished goods	Total
At the end of 2018:				
a) Acquisition cost of inventories	26			26
b) Write-off to net realisable value				
c) Net realisable value	26			26
At the end of 2017:				
a) Acquisition cost of inventories	111			111
b) Write-off to net realisable value				
c) Net realisable value	111			111

At the end of the reporting financial year, inventories of the Company totalled EUR 26.

Note 7. Paid advances

The data about advances paid by the Company's to suppliers for services are presented in line 1.7 'Paid advances' of part B of the balance sheet.

Table 7. Advances

Items	31 12 2018	31 12 2017
Other advances	379	368
Total:	379	368

Note 8. Amounts receivable within one year

Line 2 'Amounts receivable within one' year of part B of the balance sheet contains the data about other receivables (recoverable litigation costs awarded to the Company – EUR 466 and the amount receivable from the Funds for administration – EUR 123,557).

Table 8. Receivables

Items	31 12 2018	31 12 2017
Other receivables	124,023	7,589
Total:	124,023	7,589

Note 9. Short-term investments

At the end of the reporting period, the Company held short-term investments – securities in the amount of EUR 494,381 (Table 5).

Note 10. Cash and cash equivalents

Table 9. Monetary funds of the Company

Items	31 12 2018	31 12 2017
Cash at bank	8,138,709	12,443,192
Total:	8,138,709	12,443,192

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 2018	31 12 2017
Subscription, licences	633	788
Property insurance	442	793
Professional training	1,791	1,670
Other	275	1,062
Total:	3,141	4,313

Note 12. Profit (loss) distribution plan

Pursuant to Article 43 of the Law, the total Company's profit of EUR 43,416 recognised in 2017 was included in the mandatory reserve. The profit of EUR 45,356 recognised in 2018 will be included in the mandatory reserve.

Table 11. Profit distribution of 2018

Items	31 12 2018	31 12 2017
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Retained profit (loss) of the previous financial year at the end of the reporting financial year	-	-
Net profit (loss) of the reporting financial year	45,356	43,416
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	45,356	43,416
Transfers from reserves		
Distributable profit (loss)		
Profit share transferred to the mandatory reserve	45,356	43,416
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. Payables and obligations of the Company

Table 12. Payables

Items	31 12 2018	31 12 2017
Trade payables	16,509	18,538
Received advances		
Obligations related to employment relationships	46,699	22,703
<i>of which:</i>		
– other accumulated reserves	25,930	10,000
– holiday reserve	19,969	12,723
– other obligations related to employment relationships	800	(20)
Other payables and short-term liabilities:	80	472
<i>Other obligations</i>	80	472
Total	63,288	41,713

Note 14. Sales income – general and administrative expenses

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

Table 13. Sales income of the Company

Indicators	31 12 2018	31 12 2017
Sales income:		
<i>Fee for the administration of the DIF</i>	673,471	488,953
<i>Fee for the administration of the FILI</i>	1,000	1,000
<i>Contributions for the administration of the RF*</i>	1,000	2,078
Total:	675,471	492,031

* In observance of paragraph 44 *Recognition of income* of the Accounting Policy of the Company, contributions for the administration of the Resolution 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. Administrative expenses of Funds administrated by the Company

Items	31 12 2018	31 12 2017
Company’s staff maintenance costs:	513,173	373,535
Wages to employees	407,807	287,109

Taxes related to wages	105,366	86,426
Administrative expenses and property use and maintenance costs:	131,683	90,287
Administrative expenses	117,365	92,646
Refunded amount of costs		(20,000)
Property use and maintenance costs	14,318	17,641
Expenses for taxes on activities	4,498	4,498
Asset depreciation and amortisation costs	26,117	28,209
Total:	675,471	492,031

Note 15. Other activities

Information on other results of other activities of the Company is provided below.

Table 15. Results of other activities

	Items	31 12 2018	31 12 2017
a)	OTHER OPERATING INCOME	6,549	0
	<i>Breakdown of significant amounts:</i>		
	From disposal of fixed assets	6,477	0
	Other income	72	
b)	OTHER OPERATING EXPENSES	0	0
	<i>Breakdown of significant amounts:</i>		
	Other operating expenses	0	
c)	OTHER OPERATING RESULT (a-b)	6,549	0

In 2018, the Company sold its car; the difference between sales and carrying amount was EUR 6,477, other income – EUR 72 (dismantled window bars, scrap metal); line 7 of the profit (loss) statement.

Note 16. Financing and investing activities

Information on the results of financing and investing activities of the Company is provided below. They are shown in line 10 of the profit (loss) statement – other interest income and similar income and line 12 – interest expenses and other expenses.

Table 16. Results of financing and investing activities

	Items	31 12 2018	31 12 2017
a)	FINANCING AND INVESTING ACTIVITY INCOME	39,851	44,184
	<i>Breakdown of significant amounts:</i>		
	Interest on GSs	39,851	44,184
	Interest on time deposits with the Bank of Lithuania and funds in the Company's account		
	Positive result of exchange rate changes		
	Penalties and fines		
	Other financing activity income		
b)	FINANCING AND INVESTING ACTIVITY EXPENSES	(1,044)	(768)
	<i>Breakdown of significant amounts:</i>		
	Fees and commissions for safekeeping of GSs	(1,044)	(768)
	Negative result of exchange rate changes		
	Penalties and fines		
c)	FINANCING AND INVESTING ACTIVITY RESULT (a-b)	38,807	43,416

Note 17. Financial links with managers of the Company

The Company's Administration consists of the Director and the Deputy Director. The information on the amounts calculated for managers is provided below.

Table 17. Financial links with managers of the Company

Items	31 12 2018	31 12 2017
Amounts related to employment relationships calculated per year	93,799	87,722
Average annual number of administrative staff	2	2

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

Contingent assets are assets which as a result of events that are out of the Company's control may belong and generate economic benefits to the Company (e.g., pending legal proceedings when 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. Where economic benefits can be expected, the information on contingent assets is presented 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 2018, the Company, as a defendant or third party representing the Deposit Insurance Fund participated in 101 pending cases the claims of which amounted to EUR 13.05 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. Assets of Funds administrated by the Company are equal to EUR 202,059,396.

Table 18. Assets of Funds administrated by the Company

Fund administrated by the Company	31 12 2018	31 12 2017
Deposit Insurance Fund	199,362,251	236,688,889
Fund of Insurance of Liabilities to Investors	2,693,136	2,619,925
Resolution Fund	4,009	3,009

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.

Financial position of each Fund is explained in greater detail and explanatory information is provided in Funds' financial statements of 2018.

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė