

**STATE COMPANY
'INDĖLIŲ IR INVESTICIJŲ DRAUDIMAS'**

ANNUAL FINANCIAL STATEMENTS

2019

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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:	15 July 2019
Phone:	(8-5) 213 56 57
E-mail address:	idf@idf.lt
Website:	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 'INDĒLIŲ 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

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

31 DECEMBER 2019

STATEMENT OF CHANGES IN EQUITY

10 March 2020

2019

Presentation currency and accuracy: EUR

		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 'INDĒLIŲ 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

CASH FLOW STATEMENT

10 March 2020

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
1.2.	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

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;
- 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.

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 2019 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 2019.

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 2019 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 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.

2.6 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.

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 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.

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 value impairment losses.

2.9 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.

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. 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.

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 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.

2.15 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.

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 Company owner's capital.

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 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.

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 relationships allows one of the parties to exercise 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 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 than 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.

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 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						
	At the end of the previous financial year				70,619	5,800	76,419
	Changes of 2019 financial year:						
	- acquisition of assets					3,872	3,872
	- assets disposed to other persons and written-off						
	- transfers between items +/-(-)						
	At the end of the previous financial year, 31 December 2018				70,619	9,672	80,291
d)	Amortisation						
	At the end of the previous financial year				59,675	1,783	61,458
	Changes of 2019:						
	- amortisation of the financial year				8,267	1,853	12,564
	- 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				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 Changes of 2018: - acquisition of assets - assets disposed and written-off (-) - transfers between items +/-(-)		100,408		34,175	70,534			205,117
					(17,377)	4,709			4,709 (17,377)
	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 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 +/-(-)		84,014		23,114	58,241			151,201
			2,738		4,972	5,734			14,168
					(16,654)				(16,654)
	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 Changes of 2019 financial year: - acquisition of assets - assets disposed and written-off (-) - transfers between items +/-(-)		100,408		16,798	75,243			192,449
						9,149 (350)			9,149 (350)
	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 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 +/-(-)		86,752		11,432	64,083			162,267
			2,738		2,799	7,585			13,122
						(350)			(350)
	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:				
a) Acquisition cost of inventories	62			62
b) Write-off to net realisable value				
c) Net realisable value	62			62
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 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
<i>of which:</i>		
– 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
<i>Other obligations</i>	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:		
<i>Fee for the administration of the DIF</i>	734,869	673,471
<i>Fee for the administration of the FILI</i>	1,174	1,000
<i>Contributions for the administration of the RF*</i>	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 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. 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
	<i>Breakdown of significant amounts:</i>		
	From disposal of fixed assets	0	6,477
	Other income		72
b)	OTHER OPERATING EXPENSES	0	0
	<i>Breakdown of significant amounts:</i>		
	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
	<i>Breakdown of significant amounts:</i>		
	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)
	<i>Breakdown of significant amounts:</i>		
	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