

**STATE COMPANY
„INDĖLIŲ IR INVESTIJŲ DRAUDIMAS”**

RESOLUTION FUND

ANNUAL FINANCIAL STATEMENTS

2017

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MAIN DETAILS OF THE COMPANY ADMINISTRATING THE RESOLUTION FUND

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
Date of registration of existing Articles of Association:	23 December 2014
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.

As of 31 December 2017, the Company’s Council consisted of 5 members:

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; Gediminas Šimkus, Director of Economics and Financial Stability Service of the Bank of Lithuania; Renata Bagdonienė, Director of Financial Services and Markets Supervision Department of the Supervision Service of the Bank of Lithuania;
Director of the Company:	Aurelija Mažintienė.
Bank:	AB Swedbank

RESOLUTION FUND

Administrator – SC „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 FINANCIAL POSITION 31 DECEMBER 2017

19 January 2018

2017

Presentation currency and accuracy: EUR

Seq. No	Items	Note No	31 12 2017	31 12 2016
A.	FIXED ASSETS			
I.	Intangible assets			
II.	Tangible fixed assets			
III.	Long-term financial assets			
IV.	Other fixed assets			
B.	BIOLOGICAL ASSETS			
C.	CURRENT ASSETS		3,009	2,050
I.	Inventories			
I.1	Inventories, excluding tangible fixed assets and biological assets held-for-sale			
I.2	Tangible fixed assets and biological assets held-for-sale			
II.	Prepayments			
III.	Amounts receivable within one year			
III.1	Short-term financial receivables			
III.2	Receivable taxes and social contributions			
III.3	Financing receivables			
III.4	Receivables for use of assets, sold goods, assets and services			
III.5	Accumulated receivables			
III.6	Other receivables			
IV.	Short-term investments			
V.	Cash and cash equivalents	1	3,009	2,050
	TOTAL ASSETS:		3,009	2,050

Seq. No	Items	Note No	31 12 2017	31 12 2016
D.	FINANCING AMOUNTS			
I.	From the State Budget			
II.	From the municipal budget			
III.	From the EU, foreign countries and international organisations			
IV.	From other sources			
E.	LIABILITIES		9	50
I.	Long-term liabilities			
I.1	Long-term financial liabilities			
I.2	Long-term provisions			
I.3	Other long-term liabilities			
II.	Short-term liabilities	2	9	50
II.1	Current year's portion of long-term provisions and short-term provisions			
II.2	Current year's portion of long-term liabilities			
II.3	Short-term financial liabilities			
II.4	Payable subsidies, grants and financing amounts			
II.5	Amounts payable to the EU budget			
II.6	Amounts payable to budgets and funds			
II.7	Payable social benefits			
II.8	Refundable taxes, contributions and their overpayments			
II.9	Trade payables			
II.10	Accumulated payables			
II.11	Other short-term liabilities		9	50
F.	NET ASSETS		3,000	2,000
I.	Reserves			
II.	Effects of the equity method			
III.	Accumulated surplus or deficit	3	3,000	2,000
III.1	Surplus or deficit of the current year		1,000	1,000
III.2	Surplus or deficit of the previous year		2,000	1,000
	TOTAL FINANCING AMOUNTS, LIABILITIES AND NET ASSETS		3,009	2,050

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė

RESOLUTION FUND

Administrator – SC „Indėlių ir investicijų draudimas”, corporate code 110069451
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ACTIVITY REPORT 31 DECEMBER 2017

19 January 2018

2017

Presentation currency and accuracy: EUR

Seq. No	Items	Note No	31 12 2017	31 12 2016
A.	OPERATING ACTIVITY INCOME		1,000	1,000
I.	INCOME FROM FINANCING			
II.	INCOME FROM TAXES AND SOCIAL CONTRIBUTIONS			
II.1.	Net income from taxes			
II.1.1.	Income from taxes			
II.1.2.	Amount of transferrable taxes			
II.2.	Net income from social contributions			
II.2.1.	Income from social contributions			
II.2.2.	Amount of transferrable social contributions			
III.	OTHER INCOME FROM OPERATING ACTIVITIES	4	1,000	1,000
III.1.	Other income from operating activities		1,000	1,000
III.2.	Amount of transferrable other income from operating activities			
B.	OPERATING ACTIVITY EXPENSES			
I.	AMOUNTS DEPRECIATED AND WRITTEN-OFF			
II.	SOCIAL BENEFITS			
III.	FINANCING			
IV.	OTHER			
C.	OPERATING ACTIVITY SURPLUS OR DEFICIT		1,000	1,000
D.	RESULT OF OTHER ACTIVITIES			
I.	OTHER OPERATING INCOME			
II.	OTHER OPERATING INCOME TRANSFERRABLE TO THE BUDGET			
III.	OTHER OPERATING EXPENSES			
E.	FINANCING AND INVESTING ACTIVITY RESULT			
F.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND OF CORRECTION OF MATERIAL ACCOUNTING ERRORS			
G.	NET SURPLUS OR DEFICIT BEFORE EFFECTS OF APPLICATION OF EQUITY METHOD		1,000	1,000
H.	EFFECTS OF APPLICATION OF EQUITY METHOD			
I.	NET SURPLUS OR DEFICIT		1,000	1,000

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė

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RESOLUTION FUND

Administrator – SC „Indėlių ir investicijų draudimas”, corporate code 110069451
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**STATEMENT OF CHANGES IN NET ASSETS
31 DECEMBER 2017**

19 January 2018

2017

Presentation currency and accuracy: EUR

Seq. No	Items	Note No	Attributable to the controlling entity					Accumulated surplus or deficit before effects of application of the equity method	Total	Minority interest
			Stakeholders' equity	Fair value reserve	Other reserves	Effects of application of the equity method				
1	2	3	4	5	6	7	8	9	10	
1.	Balance as at 31 December 2015						1,000	1,000		
2.	Effects of fixed assets taken over from another public sector entity									
3.	Effects of fixed assets transferred or sold to another entity									
4.	Other amounts of increase (decrease) of reserves									
5.	Other formed reserves									
6.	Other used reserves									
7.	Amounts of increase (decrease) of stakeholders' equity									
8.	Net surplus or deficit of the reporting period						1,000	1,000		
9.	Balance as at 31 December 2016						2,000	2,000		
10.	Effects of fixed assets taken over from another public sector entity									
11.	Effects of fixed assets transferred or sold to another entity									
12.	Other amounts of increase (decrease) of reserves									
13.	Other formed reserves									
14.	Other used reserves									
15.	Amounts of increase (decrease) of stakeholders' equity									
16.	Net surplus or deficit of the reporting period						1,000	1,000		
17.	Balance as at 31 December 2017						3,000	3,000		

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė

RESOLUTION FUND

Administrator – SC „Indėlių ir investicijų draudimas”, corporate code 110069451,
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CASH FLOW STATEMENT

31 DECEMBER 2017

19 January 2018

2017

Presentation currency and accuracy: EUR

Seq. No	Items	Note No	31 12 2017	31 12 2016
A.	CASH FLOWS FROM OPERATING ACTIVITIES		959	(10,115,488)
I.	Receipts	5	1,000	7,403,055
I.1.	Financing amounts for other expenses and stocks			
I.1.1	From the State Budget			
I.1.2	From the municipal budget			
I.1.3	From funds of the EU, foreign countries and international organisations			
I.1.4	From other sources			
I.2	From taxes			
I.3	From social contributions			
I.4	For provided services			
I.5	Received interest			
I.6	Other receipts:		1,000	7,403,055
II.	Transferred funds			17,518,496
II.1	To the State Budget			
II.2	To municipal budgets			
II.3	To the EU, foreign countries and international organisations			17,518,496
II.4	To other funds of resources			
II.5	To public sector entities			
II.6	To other entities			
III.	Payments		(41)	(47)
III.1	Social payments			
III.2	Other services acquired		(41)	(47)
III.3	Interest paid			
III.4	Other payments			
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
I.	Acquisition of fixed assets (excl. financial) and biological assets			
II.	Disposal of fixed assets (excl. financial) and biological assets			
III.	Acquisition of long-term financial assets			
IV.	Disposal of long-term financial assets			
V.	(Increase) Decrease in time deposits			
VI.	Other cash flows from investing activities			
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
I.	Receipts from taken loans			
II.	Repayment of taken loans			
III.	Other cash flows from financing activities			
D.	EFFECTS OF EXCHANGE RATE CHANGES ON BALANCE OF CASH AND CASH EQUIVALENTS			
	(Increase) Decrease in cash and cash equivalents		959	(10,115,488)
	Cash and cash equivalents at the beginning of the reporting period		2,050	10,117,538
	Cash and cash equivalents at the end of the reporting period		3,009	2,050

Director

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Acting Chief Accountant

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RESOLUTION FUND

Administrator – SC „Indėlių ir investicijų draudimas”, corporate code 110069451,
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EXPLANATORY NOTES

31 DECEMBER 2017

1. General part

The State Company „Indėlių ir investicijų draudimas” (hereinafter – the Company) has been tasked with administrating the Resolution Fund (hereinafter – the Fund) from 3 December 2015 when the Law (No XII-2054) of the Republic of Lithuania amending the Law (No IX-975) on Insurance of Deposits and Liabilities to Investors of 19 November 2015 (hereinafter – the Law) entered into force.

The Fund is not a legal person. The Fund is administrated by Company which is established from the State assets in accordance with the procedure set forth by legal acts and is acting, handling the accounting and preparing the sets of financial statements on behalf of the Fund. The institution implementing the rights and obligations of the Company is the Ministry of Finance of the Republic of Lithuania.

The Fund – means the fund in which the assets are accumulated for the financing of the financial sector entity’s resolution tools provided for in the Law No XI-393 of the Republic of Lithuania on Financial Sustainability of 22 July 2009.

The participants of the Resolution Fund are financial brokerage firms subject to requirements referred to in Article 12¹(2) of the Law the Republic of Lithuania on Markets in Financial Instruments.

The Fund’s proceeds consist of (Article 32(2) of the Law):

- regular (*ex ante*) contributions, including payment obligations to the Fund;
- special (*ex post*) contributions;
- loans received from financial institutions and other third parties, including financing structures of other Member States;
- income from investment of the Fund;
- share of costs incurred for the purposes established in Article 103 of Law of the Republic of Lithuania on Financial Sustainability, which shall be recovered through the resolution actions;
- funds received from the financing structures of other Member States in repayment of a loan granted by the Fund, including interest and penalties;
- penalties paid by the institutions paying contributions;
- other amounts specified in legal acts.

The Fund’s proceeds are used for (Article 32(3) of the Law):

- covering the costs incurred for the purposes established in Article 103 of Law of the Republic of Lithuania on Financial Sustainability;
- covering the costs of investments of the Fund;
- repayment of loans received from financing structures, financial institutions or other third parties of other Member States, including interest and penalties.

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 2017 are as follows:

2.1 Form of financial statements

The Fund's financial statements of 2017 have been prepared according to the Public Sector Accounting and Financial Reporting Standards (hereinafter – PSAFRS), which include the standards and interpretations approved by the Minister of Finance of the Republic of Lithuania before 31 December 2017.

The financial year of the Fund corresponds to the calendar year.

2.2 Conformity of financial statements with the Standards

The Fund's financial statements of 2017 have been prepared according to the Public Sector Accounting and Financial Reporting Standards (hereinafter – PSAFRS) and in observance of Article 45(1) of the Law.

2.3 Reporting currency

The Fund's accounting records are kept and all amounts in these financial statements are presented in the currency of the Republic of Lithuania – the euro (EUR).

2.4 Receivables

According to 17 PSAFRS 'Financial assets and financial liabilities', upon initial recognition receivables are measured at acquisition cost. Subsequently, short-term receivables are registered in the accounting considering their impairment in value, and long-term receivables – at discounted value, net of impairment losses.

2.5 Cash and cash equivalents

According to 17 PSAFRS 'Financial assets and financial liabilities', cash and cash equivalents comprise cash held in the Fund's bank account.

In the cash flow statement, cash and cash equivalents comprise cash with bank.

2.6 Debt liabilities

According to 17 PSAFRS 'Financial assets and financial liabilities', upon initial recognition, debts are recorded at acquisition value and subsequently – taking account of the impairment in value.

2.7 Recognition of income and expenses of the Fund

The Fund's income and expenses is recorded in the accounting and presented in financial statements according to the principle of accrual of income and expenses.

According to 10 PSAFRS 'Other income', the Fund's income is recognised and recorded in the accounting and presented in financial statements during the reporting period in which it is earned, regardless of the time of receiving the money.

The Fund's income is classified into other income from operating activities, income from financing activities and income from investing activities. Insurance contributions of the Fund's insurers are attributed to other income from operating activities.

According to 11 PSAFRS 'Expenses', expenses are recognised and recorded 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, regardless of the time of spending the money and when their value can be reliably estimated.

Normally, the amount of expenses is measured at the consideration paid or payable, including value added tax. The Fund's expenses are attributed to other costs of services of the operating activities. Expenses of the Fund include insurance compensations, administrative expenses, financing and investing activity expenses, etc.

The amount of expenses is measured at the consideration paid or payable, including value added tax. The Fund's expenses are attributed to other costs of services of the operating activities.

The estimate of income and expenses of the Fund is approved by the institution implementing the rights and obligations of the owner of the Company – the Ministry of Finance of the Republic of Lithuania. The estimate of administrative expenses is approved by the Council of the Company.

2.8 Foreign currency

Requirements for the accounting of foreign currency transactions are established in 21 PSAFRS 'Foreign currency transactions'. Upon initial recognition, foreign currency transactions are recorded in the accounting at the official exchange rate applicable on the transaction day.

2.9 Accounting of the closing of period

When all operations of the financial year are recorded, all accounts of income and expenses are closed. The balances of the last day of the financial year of all accounts of income and expenses are transferred to the account 'Accumulated surplus or deficit' on the last day of the financial year. The current year's surplus or deficit – the surplus generated or the deficit incurred by the Fund in the current year. At the beginning of the financial year, the previous year's surplus or deficit is recognised as the accumulated surplus or deficit of the previous year.

2.10 Use of estimates in preparing financial statements

According to 18 PSAFRS 'Provisions, contingent liabilities, contingent assets and events after the balance sheet date' and in preparing financial statements certain assumptions and estimates are revised which influence the presented amounts of assets, liabilities, income and expenses and the disclosure of contingencies when the circumstances on the basis of which the estimate was made change or when additional information becomes available or other events occur. The result of change in such estimates is recorded in financial statements when it is established, presenting the information in the explanatory notes.

3. Explanatory notes

Note 1. Cash and cash equivalents

The Fund's proceeds are held in a separate bank account. As at 31 December 2017, the cash balance in the bank account was EUR 3,009.

Table 1. Data on balance of cash and cash equivalents

Seq. No	Item	31 12 2017	31 12 2016
1	2	3	
1.	Cash from the State Budget		
2.	Cash from the municipal budget		
3.	Other cash and cash equivalents	3,009	2,050
3.1.	Cash with banks	3,009	2,050
3.2.	Cash in frozen accounts		
3.3.	Devaluation of cash in frozen accounts		

3.4.	Deposits of up to 3 months		
3.5.	Other cash equivalents		
4.	Total cash and cash equivalents	3,009	2,050
5.	Of which proceeds of resource funds	3,000	2,000

Note 2. Short-term liabilities

As at 31 December 2017, the Fund's short-term liabilities to the Company was EUR 9 (the advance transferred for payment of bank commissions).

Note 3. Accumulated surplus or deficit

The amount of EUR 3,000 of the 'Accumulated surplus or deficit' was paid by one participant of the Resolution Fund as insurance contributions and in accordance with Resolution No 03-216 of the Board of the Bank of Lithuania on the description of the procedure for the administration of the Resolution Fund of 31 December 2015 has been retained by the Resolution Fund.

Note 4. Other operating activity income

In 2017, the amount of EUR 1,000 of insurance contributions was paid into the Fund. The insurance contributions were paid into the Fund by one financial brokerage firm. Consequently, other operating activity income of the Fund of 2017 totals EUR 1,000.

Table 3. Other operating activity income

Seq. No	Item	31 12 2017	31 12 2016
1	2	3	
1.	Estimated operating activity income	1,000	1,000
1.1.	Income from fees and charges		
1.2.	Income from administrative fines		
1.3.	Income from contributions paid to the Funds according to the Law of the Republic of Lithuania on Insurance of Deposits and Liabilities to Investors		
1.4.	Income from sale of inventories		
1.5.	Profit from sale of tangible fixed assets, intangible assets and biological assets		
1.6.	Income from provided services		
1.7.	Other	1,000	1,000
2.	Other operating activity income transferrable into the Budget		
3.	Other operating activity income	1,000	1,000

Note 5. Cash flows

In observance of Resolution No 03-216 of the Board of the Bank of Lithuania on the description of the procedure for the administration of the Resolution Fund of 31 December 2015 insurance contributions by all insurers were paid into the Resolution Fund administrated by the SC Deposit and Investment Insurance and received contributions of participants, except for those paid by the participants who do not fall within the scope of Regulation (EU) No 806/2014, were transferred to the Single Resolution Board in Brussels.

In observance of Resolution No 03-216 of the Board of the Bank of Lithuania on the description of the procedure for the administration of the Resolution Fund recast on 13 April 2017, insurance contributions of

the Resolution Fund administrated by the SC Deposit and Investment Insurance are paid only by those entities who do not fall within the scope of Regulation (EU) No 806/2014.

In 2017, the Fund had one participant whose annual contribution was EUR 1,000.

Note 6. Rights and obligations not reflected in the statement of financial position

Acting in observance of provisions of 18 PSAFRS, the Company carried out the assessment of the contingency of receivable and payable debts / assets of the Fund and did not identify any such the rights and obligations.

Note 7. Events after the balance sheet date

After the end of the financial year until approval of these financial statements there were no events after the balance sheet date, except for those referred to above, that could influence the financial statements or should be disclosed in the financial statements as of 31 December 2017.

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė