

# Transparency Report 2013





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# 1. Introduction

As an audit firm that carries out statutory audits of the annual accounts of public-interest entities, Deloitte Lietuva UAB (hereinafter: "The Company") is publishing this annual transparency report in compliance with Article 51 of the Audit Law of the Republic of Lithuania.

All information provided in this report relates to the situation of the Company on 31 December 2012, unless indicated otherwise.

31 March 2013

A handwritten signature in black ink, reading "Saulius Bakas". The signature is written in a cursive style with a large initial 'S'.

**Saulius Bakas**  
Managing Partner

## 2. Legal Structure, Ownership, Network and Governance

### About Deloitte

“Deloitte” covers tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide audit, consulting, financial advisory, risk management, and tax services to selected clients. These firms are members of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. Each member firm provides services in a particular geographic area and is subject to the laws and professional regulations of the particular country or countries in which it operates. DTTL helps coordinate the activities of the member firms but does not itself provide services to clients. DTTL and the member firms are separate and distinct legal entities, which cannot obligate the other entities. DTTL and each DTTL member firm are only liable for their own acts or omissions, and not those of each other. Each of the member firms operates under the names “Deloitte”, “Deloitte & Touche”, “Deloitte Touche Tohmatsu”, or other related names. Each DTTL member firm is structured differently in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in their territories through subsidiaries, affiliates and/or other entities.

Deloitte Central Europe is a regional organization of entities organized under the umbrella of Deloitte Central Europe Holdings Limited. Services are provided by the subsidiaries and affiliates of Deloitte Central Europe Holdings Limited, which are separate and independent legal entities.

In Lithuania, the services are provided by Deloitte Lietuva UAB (jointly referred to as Deloitte) which is a part of Deloitte Central Europe Holdings Limited.

### Legal Structure and Ownership

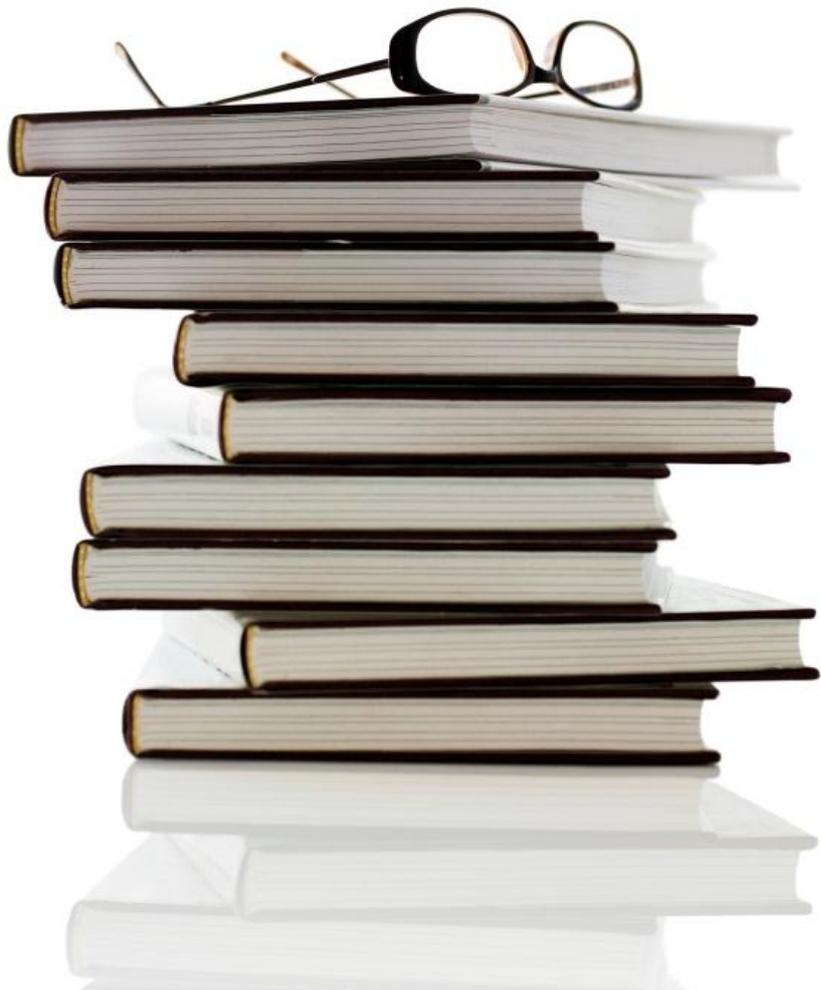
Deloitte Lietuva UAB is a limited liability company incorporated in Lithuania. Company Code: 111525235, Audit License No.: 001275, Address: Jogailos str. 4, LT-01116 Vilnius, Lithuania.

Deloitte Lietuva UAB principal business activities are provision of audit, tax & legal, financial advisory, consulting and risk services.

The sole shareholder of the company in 2012 was Deloitte Audyt Sp.z.o.o., EU member state audit company registered in Poland, Company code: 0000031236, Address: al. Jana Pawła II 19, 00-854 Warsaw, Poland.

## Governance Structure

Under the Company Articles of Association, the bodies of Deloitte Lietuva UAB shall be the General Meeting of the Shareholders and the Head of the Company - the General Director.



## 3. Quality

The Company applies the internal quality control system established by DTTL and set out in the Deloitte Policies Manual (Audit). This system includes policies and procedures addressing leadership responsibilities for the system of quality control within the Company, ethical requirements, client and engagement acceptance and continuance, human resources, engagement performance and monitoring.

This internal quality control system has two monitoring systems:

- The engagement quality assurance review; and
- The member firm practice review.

### Engagement Quality and Assurance Review

Audit reports on the annual accounts or consolidated accounts relating to a public interest entity, among others, are subject to an engagement quality assurance review by a partner of Deloitte Central Europe with sufficient and appropriate experience and professional qualifications, prior to issuance of the report.

An engagement quality assurance review comprises a review of the report and financial statements or other financial information subject of the report, the audit planning memorandum or equivalent, the audit summary memorandum or equivalent, selected working papers and other documentation as deemed appropriate such as the engagement letter. This review also includes a discussion with the audit engagement partner as regards significant matters that arose during the engagement or the review. If the engagement risk has been assessed as greater than normal or much greater than normal, a more extensive review is required, including a review of appropriate working papers that focus on the risks identified.

The audit report may only be issued if the reviewer is satisfied that the engagement team has made appropriate judgments and conclusions, and has complied with the International Standards on Auditing and other relevant rules and regulations.

### Member Firm Practice Review

The Company is a subject to practice reviews by DTTL at least every three years and each engagement partner should have a sample of their engagements reviewed at least every three years. The practice review is carried out by partners or managers who are independent of the office or audit group they are reviewing and is monitored by an independent, external audit partner from another DTTL member firm.

The objectives of the practice review are:

- to obtain reasonable assurance regarding compliance with DTTL policies and procedures as regards audit;
- to assess the operating effectiveness of risk management and quality control procedures;
- to assess adherence to professional standards and regulatory and legal requirements;
- to obtain reasonable assurance that the Deloitte audit methodology has been properly implemented; and
- to obtain reasonable assurance that Deloitte Audit's system of quality control is appropriately designed, relevant, adequate, operating effectively and complied with in practice.

The results of the practice review, including any required actions, are set out in a report which, subject to due respect of legal requirements such as client confidentiality and data privacy, is made available to the Company's leadership and relevant audit engagement partners, as well as certain DTTL leaders. Any deficiencies should result in one or more of the following: remedial action relating to an engagement, communication of findings to those responsible for education and training, changes to the quality control policies and procedures and disciplinary action.

### **Management Confirmation**

The Management of the Company is satisfied that the internal control system as described above is effective in providing reasonable assurance that the Company and its personnel comply with applicable professional standards and regulatory and legal requirements and that audit reports issued are appropriate in the circumstances.

### **Quality Control Reviews**

Quality control review was performed by DTTL in June, 2011.

Quality control review was performed by the Lithuanian Chamber of Auditors in October, 2010.

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**Our delivery of quality is achieved through effective internal quality systems and focus on leadership, communication, infrastructure and performance management. We have rigorous processes, systems and tools supported by a consultative culture which promotes the merits of consultation on difficult issues and supports partners in the exercise of their personal judgement.**

## 4. Independence

Both DTTL and Deloitte Lietuva UAB itself maintain written independence policies, which include the performance of certain independence compliance checks on an annual basis.

- Each employee must sign an annual independence declaration. In addition, similar independence declarations are obtained immediately from new employees and updated confirmations are obtained from employees leaving the Company.
- Employees of the level of manager and above must enter their financial interests in a DTTL proprietary electronic financial interest tracking system. Each person's portfolio is checked against an electronic list of audit clients to check whether this ownership is allowed under the relevant independence rules;
- All employees have to complete compulsory learning on our independence rules; and
- Client and engagement acceptance processes are used to verify that independence is not impaired.

In addition to the continuous monitoring of compliance with independence policies, independence inspection and testing procedures are performed annually on a sample of managers and above.

### Management Confirmation

The Management of the Company confirms that independence of the auditors was monitored during the period and independence review was performed covering the period.

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**We have well-established systems and procedures to help safeguard the objectivity of our people and the firm, to avoid conflicts of interest, and to comply with ethical and other applicable standards.**

# 5. People Development

All statutory auditors in the Company maintain their continuous professional qualification through a mixture of internal courses as well as educational courses organized by the Lithuanian Chamber of Auditors pursuant to Article 28 Paragraph 1 of the Audit Law of the Republic of Lithuania. Company's auditors comply with these legal requirements.

## Continuing Education

Continuing education is a key policy of Deloitte, as this is an important mean of developing knowledge and maintaining and improving the quality of our services. The Deloitte Learning Platform provides a starting point, including technical training (auditing standards, accounting standards, professional rules, tax, IT), management and interpersonal skills, business economics and industry-specific courses. Deloitte also has a professional education policy which covers both local National auditing qualifications and International qualifications.

The continuing education program is comprised of both Deloitte-organized training sessions as well as external training, among others by the Lithuanian Chamber of Auditors. Certain courses are mandatory and others are optional, such that each auditor or trainee auditor can personalize their learning programme.

Auditors acquire in-depth knowledge, skills and professional values, participating in Deloitte University training programs based on Deloitte methodology, which cover various fields of training. Deloitte University is the place to enhance professional competences, soft skills as well as the skills of successful leadership, management and teamwork. The participants of the training programs share best practices in project development with colleagues from other Deloitte member firms.

Auditors develop professional competencies by gaining the qualification provided by the Association of Chartered Certified Accountants (ACCA).

During the first years, most training is comprised of mandatory courses on technical topics including Deloitte methodologies and processes but afterwards the optional part increases given that individual needs become more diverse.

More experienced auditors are expected to update and deepen their technical knowledge. Developing management and interpersonal skills are also very important for this group. There is also the possibility to follow longer term education, such as MBA programmes.

Through an automated monitoring system it is possible to check the status of internal and external courses followed by an individual auditor. Continuing education is also a factor taken into account for the yearly evaluation of employees and the assessment of their growth potential within the Company.

## 6. Public Interest Entities

During the year ended 31 December 2012, audits of the following public interest entities were performed by Deloitte Lietuva UAB:

Industry	Company name	Year end
<b>Banks</b>	Swedbank, AB, AB Ūkio Bankas	31 December 2011
<b>Insurance companies</b>	AB „Lietuvos draudimas“, UAB „Bonum Publicum“, UAB „PZU Lietuva gyvybės draudimas“, UAB DK „PZU Lietuva“	31 December 2011
<b>Fund Management Companies (including funds managed)</b>	<p>UAB „Swedbank investicijų valdymas“ and funds:</p> <ul style="list-style-type: none"> <li>• Valstybinio socialinio draudimo įmokos dalies kaupimo konservatyvaus investavimo pensijų fondas „PENSIJA 1“;</li> <li>• Valstybinio socialinio draudimo įmokos dalies kaupimo pensijų fondas „PENSIJA 2“;</li> <li>• Valstybinio socialinio draudimo įmokos dalies kaupimo pensijų fondas „PENSIJA 3“;</li> <li>• Valstybinio socialinio draudimo įmokos dalies kaupimo pensijų fondas „PENSIJA 4“;</li> <li>• Valstybinio socialinio draudimo įmokos dalies kaupimo pensijų fondas „PENSIJA 5“.</li> </ul> <p>UAB „Ūkio banko investicijų valdymas“ and funds:</p> <ul style="list-style-type: none"> <li>• Ūkio banko racionalaus investavimo fondas;</li> <li>• Ūkio banko obligacijų fondas;</li> <li>• Ūkio banko investavimo galimybių fondas (susideda iš šių subfondų, kurie realiai yra įprasti fondai): <ul style="list-style-type: none"> <li>○ Ūkio banko investavimo galimybių</li> </ul> </li> </ul>	31 December 2011

	<ul style="list-style-type: none"> <li>○ fondas – Kinija</li> <li>○ Ūkio banko investavimo galimybių fondas – Rusija</li> <li>○ Ūkio banko investavimo galimybių fondas – JAV</li> <li>○ Ūkio banko investavimo galimybių fondas – Europa</li> <li>○ Ūkio banko investavimo galimybių fondas – Pinigų rinkos priemonių subfondas</li> <li>○ Ūkio banko investavimo galimybių fondas – Žaliavų subfondas</li> </ul> <ul style="list-style-type: none"> <li>• UAB „Dovre Forvaltning“ and fund „Dovre Inside Nordic“</li> </ul>	
<b>Companies With Securities Admitted for Trading in The Regulated Markets</b>	AB „Kauno energija“, AB „Dvarčionių keramika“	31 December 2011
<b>Other Public Interest Companies</b>	-	-



## 7. Financial Information

For the year ended 31 December 2012 the unaudited revenues by each category of the activities were as follows:

<b>Category of Activities</b>	<b>Revenue Amount, LTL (without VAT)</b>
<b>Audit of financial statements</b>	5, 003, 793
<b>Other assurance and related services</b>	1, 335, 350
<b>Tax advisory</b>	3, 548, 002
<b>Other non-audit services</b>	4, 357, 511
<b>Total</b>	14, 244, 656



## 8. Partner's Remuneration

Partners are remunerated based on each partner's role, responsibilities and evaluation of performance.

Partner's remuneration in the audit firm comprises two elements, role compensation and performance compensation, both of which are related to the contributions made in their respective roles. Their role compensation is dependent on the scope and impact of their responsibilities. Their performance compensation is related to the achievement of goals set each year.

In assessing the performance of partner, a strong contribution in the following areas is an absolute expectation from all partners:

- **Quality:** A role model of quality in professional work.
- **Talent:** Contribution to mentoring, leading, recruitment, engagement, development and training of our people.



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