

**Deloitte.**

Deloitte Lietuva, UAB  
Transparency Report  
2016



# Introduction



I am delighted to introduce a new edition of the Deloitte Lietuva UAB (hereinafter: “the Company”) annual transparency report.

As an audit company that carries out statutory audits of the annual accounts of public-interest entities, Deloitte Lietuva UAB is publishing this annual transparency report in compliance with Article 51 of the Audit Law of the Republic of Lithuania.

The Company has a long-standing commitment to professional excellence, audit quality and leading the public accounting profession. Our management and practitioners remain dedicated to serving investors and to building confidence in the independent audit process.

Since transparency is a key aspect in the service quality of the Company, I hope our stakeholders, clients and others find this publication relevant and useful.

All information provided in this report relates to the situation of the Company on 31 December 2015, except if indicated otherwise.

31 March 2016

A handwritten signature in black ink that reads "Saulius Bakas". The signature is written in a cursive, flowing style.

**Saulius Bakas**  
Managing Partner

# Structure and network

## LEGAL AND OWNERSHIP STRUCTURE

Deloitte Lietuva UAB is a limited liability company incorporated in Lithuania, company code 111525235; Audit License No. 001275; address Jogailos st. 4, LT-01116 Vilnius, Lithuania. The principal business activities of the Firm are the provision of audit, accounting, tax, legal and advisory services.

The sole shareholder of the Firm in 2015 was Deloitte Polska Spolka Z Organizacja Odnopowiedzialnoscia Spolka Komandytowa, EU member state audit company registered in Poland, company code 446833; address al. Jana Pawła II No.19, 00-854 Warsaw, Poland.

## GOVERNANCE STRUCTURE

Under the Company's articles of association, the bodies of the Company are the General Meeting of Shareholders and the Head of the Company, the General Director.

## NETWORK ORGANISATION

### About Deloitte

Deloitte is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide audit, consulting, financial advisory, risk management, tax and legal 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 does not itself provide services to clients. DTTL and DTTL member firm 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.

See [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

### About Deloitte Central Europe

Deloitte Central Europe ("DCE") is a regional organisation of entities organised under the umbrella of Deloitte Central Europe Holdings Limited, the member Firm in Central Europe of Deloitte Touche Tohmatsu Limited.

Services are provided by the subsidiaries and affiliates of Deloitte Central Europe Holdings Limited, which are separate and independent legal entities.

### Deloitte in Lithuania

Deloitte Lietuva UAB is an affiliate of Deloitte Central Europe Holdings Limited, which is the member Firm in Central Europe of Deloitte Touche Tohmatsu Limited.



## Quality control

The Company maintains policies and procedures to promote an internal culture based on the recognition that quality is our number one priority and it is set out in the Deloitte Policies Manual (Audit), which is the central repository for DTTL policies and which the Company has agreed to adhere to. The Company focuses on professional excellence as the foundation for achieving outstanding audit quality on a consistent basis.

This manual includes policies and procedures addressing leadership responsibilities for the system of quality control within the audit firm, 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 control review and
- the practice review.

## Engagement Quality Control Reviews

Statutory audit reports on the annual accounts or consolidated accounts relating to a public interest entity, among others, are subject to an engagement quality control review by a partner with sufficient and appropriate experience and professional qualifications, prior to issuance of the report. The engagement quality control reviewer is not part of the engagement team and is not portrayed in fact or appearance as a member of the engagement team.

The reviewer is appropriately briefed by the engagement team and conducts the review in such a manner that sufficient knowledge and understanding is obtained in order to reach conclusions. The reviewer's responsibility is to perform an objective review of significant auditing, accounting and financial reporting matters, to document the procedures the reviewer performed, and to conclude, based on all the relevant facts and circumstances of which the reviewer has knowledge, that no matters that have come to his or her attention would cause the reviewer to believe that the significant judgments made and the conclusions reached were not appropriate in the circumstances.

For engagements that have been identified as having higher risk, a special review partner is assigned to provide an additional level of competence and objectivity in planning and performing the engagement. The special review partner is independent of the engagement. Normally this partner possesses specialized industry and technical skills applicable to the engagement and, in certain situations, is independent of the practice unit to enhance objectivity or to provide specialized resources.

The audit report may only be issued if the reviewer is satisfied that the audit engagement team has made appropriate judgments and conclusions, and has complied with the applicable standards and regulations.

## Practice Review

In accordance with DTTL policies, the Company undergoes a quality assurance review, or "practice review" as it is commonly referred to, at intervals not to exceed three years.

Normally, the performance of every audit partner is assessed during the three-year cycle, and at least one engagement for each partner is selected to achieve this goal. Consideration is also given to assessing the performance of managers, particularly those managers who are candidate for partner nomination.

The Company is responsible for the practice review. DTTL and DCE provides guidance and oversight regarding the practice review plan and procedures. The general coordination and administration of the practice review program is the responsibility of the practice review director.

The practice review plan, process, and results are reviewed and concurred by a partner from another member firm (the “concurring partner”) every year. The concurring partner who is assigned this responsibility works closely with the practice review director in overseeing the planning and performance of the practice review.

### Types of Engagements Reviewed

The engagements selected for review include national engagements and inbound/outbound transnational engagements (audits of financial statements that are or may be used across national borders), including public interest entities, as well as a number of high risk audit engagements. Some sensitive and complex engagements (e.g. first-year engagements, situations where there is a change in control or deteriorating financial condition) are also selected. All major industries served are considered.

### Scope of Practice Reviews

The assignment of reviewers is based on skill level, industry knowledge and experience on transnational engagements.

The reviews of individual engagements consist of discussions with the partner and/or manager responsible for the engagement and a review of related reports, working papers, and, where appropriate, correspondence files.

Engagements are reviewed to:

- Determine whether quality control procedures have been properly applied to such engagements
- Assess the adequacy of implementation of the audit approach, including compliance with the Company’s policies and procedures contained in the policy manuals
- Monitor compliance with applicable local laws
- Assess the overall quality of service provided to clients

The overall risk management and quality control policies and procedures of practice offices within Company are also reviewed, including the following:

- Risk management program, including engagement acceptance and continuance
- Independence
- Recruitment and advancement
- Professional development
- Public filings in other countries
- Information technology specialist reviews
- Assignment of professional staff to audit engagements
- Consultation with Company experts

- Consultation with outside experts
- Engagement quality control reviews

The findings and recommendations resulting from the practice reviews are presented in a practice review report and management letter to the Company's and DCE leadership. The purpose of the management letter is to provide suggestions for improvement in response to findings noted. The Company addresses findings in the practice review management letter by drawing up a detailed action plan setting out the action to be taken, the person(s) responsible, and the timing to implement the recommendations contained in the practice review management letter, where applicable.

In addition, the Company communicates to the relevant partner and other appropriate personnel deficiencies (if any) noted as a result of the practice review and recommendations for appropriate remedial action. The Company also communicates the results of the practice review and ongoing consideration and evaluation of its system of quality control to its partners and other appropriate individuals.

#### Management Statement

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.

## External Quality Assurance Reviews

A quality assurance review was performed by the Lithuanian Chamber of Auditors in September 2015.

## List of public-interest entities

Enclosed as an Appendix to this report.

## Independence

DCE maintains written independence policies and procedures, which include the performing of certain independence compliance checks on an annual basis and which are applicable to the Company as a part of DCE.

- Each professional should sign an individual independence confirm each year. In addition, similar independence confirmations are obtained from new employees and employees leaving the Company.

- All managerial personnel and above should enter their financial interests to a global independence monitoring 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 professionals should complete an e-learning on independence rules.
- 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 professionals and senior officers.

An internal confirmation of independence compliance by employees of the Company was performed as of 31 May 2015 and an internal independence compliance testing and inspection for selected employees was finalized by 30 November 2015.

## Continuing education

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

In accordance with the Audit Law of the Republic of Lithuania, only a licensed auditor may be appointed as an audit manager of the Company, while audit managers and above must have at least one professional certificate obtained (e.g. ACCA).

Continuing education is a key policy of the Company, as this is an important means of developing knowledge and maintaining and improving the quality of our services. A learning intranet platform provides a starting point, including technical training, management and interpersonal skills, business economics and industry-specific courses.

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

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. An individual learning programme is required as from the level of approximately four years' experience.

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. There is also a system of accreditation whereby a training course needs to be completed before an auditor may perform certain tasks.

Through an automated monitoring system it is possible to check the status of internal and external courses followed by an individual auditor, which are organized with the support of DCE. Continuing education is also a factor taken into account for the yearly evaluation of audit staff and the assessment of their growth potential within the Company.

## Revenues

For the year ended 31 December 2015, the unaudited revenues by each category of the activities were as follow:

<b>Category of Activities</b>	<b>Revenues (EUR, excl. VAT)</b>
<b>Audit of financial statements</b>	1,401,505
<b>Other assurance and related services</b>	103,641
<b>Tax advisory</b>	1,090,232
<b>Other non-audit services</b>	1,253,483
<b>Total</b>	<b>3,848,861</b>

## Partner remuneration

Partners are evaluated on a yearly basis and depending on the outcome of the evaluation the remuneration of partners may increase or decrease. Partner evaluations take the following factors into account: quality, expertise, integrity, professionalism, entrepreneurship, independence and compliance.

# APPENDIX

## PUBLIC INTEREST ENTITIES

During the year ended 31 December 2015, audits of the following public interest entities were performed by the Company:

Industry	Company name
Banks	Swedbank, AB
Fund Management Companies (including funds managed)	<p>Swedbank investicijų valdymas UAB and funds:</p> <ul style="list-style-type: none"> <li>• Valstybinio socialinio draudimo įmokos dalies kaupimo konservatyvaus investavimo pensijų fondas <i>PENSIJA 1</i></li> <li>• Valstybinio socialinio draudimo įmokos dalies kaupimo pensijų fondas <i>PENSIJA 2</i></li> <li>• Valstybinio socialinio draudimo įmokos dalies kaupimo pensijų fondas <i>PENSIJA 3</i></li> <li>• Valstybinio socialinio draudimo įmokos dalies kaupimo pensijų fondas <i>PENSIJA 4</i></li> <li>• Valstybinio socialinio draudimo įmokos dalies kaupimo pensijų fondas <i>PENSIJA 5</i></li> </ul> <p>Dovre Forvaltning UAB and funds:</p> <ul style="list-style-type: none"> <li>• Dovre Inside Nordic</li> <li>• Dovre Baltic Sea</li> </ul>
Companies With Securities Admitted for Trading in The Regulated Markets	TEO LT, AB
Other Public Interest Companies	-

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Deloitte provides audit, tax, consulting, financial advisory and legal services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 225,000 professionals are committed to making an impact that matters.

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