

Lithuania
Tax & Legal consultancy

New obligation to provide data. Annual Shareholders' Meeting

23 January 2014

Dear All,

Please find below the information on the preparation for the annual General Shareholders' Meeting, which should be convened in the Lithuanian public and private limited liability companies after the end of the financial year, and the decisions which are required or recommendable to be adopted during the meeting. Please also be informed about the amendments to the procedure on submission of the shareholders' list of the private limited liability companies.

New obligation to provide data

On 1 January 2014 the amendments to the Company Law on reporting data of the shareholders entered into force.

All private limited liability companies incorporated until 1 January 2014 and having more than one shareholder must provide data on their shareholders to the Informative System on Members of Legal Persons (hereinafter – the "System") until 10 July 2014:

- shareholders' data has to be provided to the System by electronic means;
- data has to be provided within 5 days from the receipt of documents, based on which the entries in personal securities accounts of shareholders or shareholders' register are recorded;
- the Managing Directors of the companies remain liable for preparation of the lists of shareholders. The obligation to submit the lists of shareholders to the Commercial Register has been amended by new obligation to provide data on shareholders to the System.

Private limited liability companies owned by the sole shareholder are neither required to prepare nor to submit the data of the shareholders to the System. Upon change of the sole shareholder, the obligation to submit data on the new shareholder (by filling in the respective forms) to the Commercial Register remains.

Convening of the Shareholders' Meeting

The Annual General Shareholders' Meeting (hereinafter – the "Shareholders' Meeting") must be held each year at least within 4 months after the end of the financial year of the public and private limited liability companies (hereinafter – the "Company"). Thus, if the financial year of the Company coincides with the calendar year, the Shareholders' Meeting (where a set of the Annual Financial Statements for 2013 shall be approved) has to be held at least by 30 April 2014.

A decision to convene the Shareholders' Meeting shall be adopted by the Board or the Managing Director of the Company (when the Board is not formed in the Company). At least 21 days before the date of the Shareholders' Meeting a notice on the convocation of the Shareholders' Meeting has to be:

- published in the source indicated in the Articles of Association of the Company; or
- delivered to each shareholder upon the receipt; or
- sent to each shareholder via registered mail.

Upon mutual agreement the shareholders of the Company may decide do not apply this term.

The agenda of the Shareholders' Meeting shall be drawn up by the Board or the Managing Director of the Company (when the Board is not formed in the Company). Other management bodies of the Company or shareholders, who hold shares granting at least 1/20 of all the votes, are entitled to suggest supplements to the agenda (the lower threshold of votes may be established by the Articles of Association of the Company).

The Shareholders' Meeting can not adopt decisions on the matters do not included on the agenda, except for the cases when the Meeting is attended by all the shareholders, whose shares grant voting rights, and none of the shareholders has voted in writing.

Decisions to be adopted at the Shareholders' Meeting

The Shareholders' Meeting has to approve the Annual Financial Statements of the Company, to allocate the distributable profit (loss) of the Company, as well as to take into consideration the Annual Report prepared by the Managing Director (except for the cases when the Company is exempted from this obligation). If an audit of the set of the Annual Financial Statements is compulsory under the laws or Articles of Association of the Company, the Shareholders' Meeting approves only the audited set of the Annual Financial Statements.

Set of the Annual Financial Statements

The Managing Director of the Company is responsible for preparation of the set of the Annual Financial Statements of the Company. If the Board is formed in the Company, it analyses and evaluates the set of the Annual Financial Statements of the Company and the draft proposal on the distribution of the profit (loss) and submits these documents to the Shareholders' Meeting (and prior to the Supervisory Board, if it is formed) for approval.

In case the audit of the set of the Annual Financial Statements of the Company is not required by the Articles of Association of the Company, it has to be performed if at least two indicators exceed the following limits on the last day of the financial year:

- net turnover during the reported financial year exceeds LTL 12 million;
- the value of the assets reported in the balance sheet is above LTL 6 million;
- the average number of the employees during the reported financial year exceeds 50 persons.

The audit of the set of the Annual Financial Statements is also compulsory for private limited liability companies, whose shareholder is the state and/or municipality, and for all public limited liability companies.

Annual Report

The Managing Director is responsible for preparation of the Annual Report of the Company. If the Board is formed in the Company, it approves the Annual Report and submits it to the Shareholders' Meeting (and prior to the Supervisory Board, if it is formed).

The Companies are entitled not to prepare an Annual Report if at least two indicators on the last day of the financial year do not exceed the following limits within two consecutive financial years, including the reported financial year (except for the public interest Companies):

- net turnover during the reported financial year does not exceed LTL 10 million;
- the value of the assets reported in the balance sheet does not exceed LTL 6 million;
- the average number of the employees according to the list during the reported financial year does not exceed 15 persons.

The above Companies (that do not prepare the Annual Report) besides other information shall indicate exhaustive information on the own shares acquired, own shares held and/or transferred by the Company in the explanatory letter of the set of the Annual Financial Statements.

The set of the Annual Financial Statements of the Company together with the Annual Report and the Auditor's Report (if an audit is compulsory under the laws or the Articles of Association of the Company) has to be submitted to the Commercial Register within 30 days after the Shareholders' Meeting.

Other decisions to be adopted at the Shareholders' Meeting

Other decisions may also be adopted at the Shareholders' Meeting, for example, the decision on election of the members of the Board/Supervisory Board, change of the Articles of Association, increase/reduction of the share capital, election of the audit company for the forthcoming year, reorganisation, liquidation, etc.

Election of the members of the Board/Supervisory Board

The Board/Supervisory Board performs its functions for the period established in the Articles of Association of the Company or until the new Board/Supervisory Board is elected and start to act, however, no longer than until the Shareholders' Meeting which is held in the last year of the tenure of the Board/Supervisory Board. We recommend to evaluate, whether the authorisations of the members of the Board/Supervisory Board of your Company have not expired and adopt appropriate decisions.

Change of the Articles of Association

Only the Shareholders' Meeting is entitled to adopt the decision on the change of the Articles of Association of the Company. Following such a decision, the full text of the amended Articles of Association shall be drawn up (no longer required to prepare separate amendments) and signed by the person authorised by the Shareholders' Meeting.

Note: This summary is compiled for informational purposes only and cannot be treated as binding advice. Should you require more information, please contact:

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