



## Annual Shareholders' Meeting

### Duties in Relation to Euro Introduction

Dear All,

Please find below the information on preparation for the annual General Shareholders' Meeting and the decisions which are required or recommended to be adopted during the meeting, as well as the information on statutory duties for public and private limited liability companies in relation to the introduction of euro in Lithuania.

#### Convening of the Shareholders' Meeting

The Annual General Shareholders' Meeting (hereinafter – the "Shareholders' Meeting") must be held each year within at least 4 months after the end of the financial year of the public and private limited liability company (hereinafter – the "Company"). Thus, if the financial year of the Company coincides with the calendar year, the Shareholders' Meeting, where the annual financial statements for FY 2014 shall be approved, has to take place by **30 April 2015**.

#### Decisions of the Shareholders' Meeting

The Shareholders' Meeting has to approve the annual financial statements of the Company and to distribute the profit (loss), as well as to get acquainted with the annual report prepared by the Managing Director, except for the cases when the Company is exempted from this obligation. If an audit of annual financial statements is obligatory under the laws or Articles of Association of the Company, the Shareholders' Meeting may approve only the audited annual financial statements.

Shareholders' Meeting may adopt other decisions as well, such as the decision on election of the members of the Board/Supervisory Board, approval of a new wording of Articles of Association, increase/reduction of the share capital, election of audit company for the following year, reorganisation, etc.

## Amendments to the Articles of Association in relation to euro introduction

Having introduced the euro in Lithuania, a statutory duty to amend the Articles of Association of the Company has been established (by specifying the amounts of share capital and nominal share value in euros). Amended Articles of Association have to be submitted to the Commercial Register of Lithuania by **31 December 2016**. Therefore, we recommend considering the approval of respective amendments to the Articles of Association at the upcoming Shareholders' Meeting.

### Calculation of the share capital in euros

Nominal value of shares in Lithuanian litas shall be exchanged into euros under the official exchange rate EUR 1 = LTL 3.4528 and rounded according to mathematical rules. For instance, if the share capital of a private limited liability company is LTL 10,000 and consists of 1,000 ordinary shares with a nominal value of LTL 10 each, then:

- nominal value of one share is equal to EUR 2.90 ( $\approx 2.896200\dots$ );
- share capital in euros is equivalent to the multiple of nominal value and number of shares: EUR 2,900 (EUR 2.90 x 1000 shares).

In order to calculate the Company's share capital and nominal value of a share, we recommend using a specific calculator provided by the Commercial Register at <http://www.registrucentras.lt/jar/euras/skaiciuokle.php>

If the share capital value changes due to the rounding of shares' nominal value in euros, it shall not be considered as the increase or reduction of the share capital. In such cases, a change shall be registered in the accounting as a revenue (when a change is negative) or as expenditure (when a change is positive) of the Companies' appropriate fiscal year.

### Other duties in relation to euro introduction

Following the submission of amended Articles of Association to the Commercial Register, a private limited liability company is also required to carry out the following actions related to the shares' nominal value in euros:

- to change the records at the personal securities accounts/shareholders' register;
- to prepare a new list of shareholders, except for companies owned by a sole shareholder;
- not later than 5 days after the registration of amended Articles of Association, to provide respective data to JADIS (Information System of Legal Entities' Shareholders), except for the companies owned by a sole shareholder.

## Election of the members of the Board/Supervisory Board

The Board/Supervisory Board performs its functions for the period established by 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 verifying, whether the authorisations of the members of the Board/Supervisory Board of your Company have not expired and to adopt appropriate decisions, if necessary.

## Annual Financial Statements

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

In case the audit of the Annual Financial Statements 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 **EUR 3,500,000**;
- the value of the assets reported in the balance sheet is above **EUR 1,800,000**;
- the average number of the employees during the reported financial year exceeds **50 persons**.

The audit 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

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 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 **EUR 2,900,000**;
- the value of the assets reported in the balance sheet does not exceed **EUR 1,800,000**;
- the average number of employees during the reported financial year does not exceed **15 persons**.

The Companies that do not prepare Annual Reports, in addition to other information, shall indicate the detailed information on the own shares acquired, own shares held and/or transferred by the Company in the explanatory letter of the Annual Financial Statements.

The Annual Financial Statements of the Company together with the Annual Report and the Auditor's Report (if an audit is compulsory) has to be submitted to the Commercial Register **within 30 days** after 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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