

## **TRANSPARENCY REPORT**

### **Certified Auditors' Company SIA "Potapoviča un Andersone"**

**For the year ended 30 September 2018**

This report is prepared in accordance with the requirements of Article 33<sup>1</sup> of the law of the Republic of Latvia "On Audit Services".

#### *Status and structure*

SIA ""Potapoviča un Andersone" is a licenced certified auditors' company since February 6, 2003. During the reporting period and the period until publication of this report, the company has not been involved in any network of audit companies.

SIA "Potapoviča un Andersone" is an independent certified audit company, where 60% of shares is owned by a Latvian Certified Auditor- Kristīne Potapoviča chairing the Board of the company. Member of the Board- Latvian Certified Auditor Anna Temerova-Allena and Member of the Board- Sandra Apsāne owns 20% of shares each. All of them have obtained ACCA (Association of Chartered Certified Accountants, U.K.) qualification. The company operates from one office and it has no branches. According to the information gathered by the Latvian Association of Certified Auditors, SIA "Potapoviča un Andersone" is the sixth largest certified auditors company in Latvia by revenue from audit services.

#### *Internal quality control system*

The quality control system of SIA "Potapoviča un Andersone" professional activities is defined and regularly updated in the firm's Audit Manual. The key procedures are incorporated in the electronic management and control tools developed and applied to manage the audit practice. Segregation of responsibilities and duties, continuous and controlled professional development, understanding and adherence to requirements of professional ethics and standards form its corner stones. The internal quality control system is built and maintained in compliance with International Quality Control Standards and International Standards on Auditing as approved by Latvian Association of Certified Auditors and it covers the following areas:

1. Overall management responsibility for quality;
2. Ethics requirements;
3. New and recurring audit client acceptance procedures and acceptance procedures for specific new and recurring engagements, including procedures for preventing money laundering and terrorist financing and procedures for assessing corruption risks;
4. Personnel management;
5. Performance of engagements;
6. Supervision and oversight.

SIA "Potapoviča un Andersone" is subject to quality control inspection by Latvian Association of Certified Auditors. The last assessment was successfully completed in October 2016.

The board of SIA "Potapoviča and Andersone" hereby certifies that the internal control system has operated efficiently during the reporting period, including organizational and methodological aspects of practice activities, as well as compliance with regulatory requirements.

#### Audits of companies listed in regulated markets of EU Member States

During the year ended 30 September 2018 SIA "Potapoviča un Andersone" has performed audits of financial statements of the following public-interest entities- listed companies and alternative investment fund management companies:

1. SIA "Expresscredit" (bonds listed in the Baltic Bond List)
2. SE "Capitalia" (bond listed in the Baltic Bond List)
3. SIA "Agrocredit" (bonds listed in the Baltic Bond List)
4. AS "SAF TEHNIKA" (shares listed on Nasdaq Baltic Main List)
5. AS "Ditton Pievadķēžu rūpnīca" (shares listed on Nasdaq Baltic Secondary List)
6. AIFP AS "EuVECA Livonia" (alternative investment fund management company).

No audits of financial institutions have been performed during the reporting year.

#### Independence

Independence policies and procedures of SIA "Potapoviča un Andersone" are based on the respective requirements of the law of the Republic of Latvia "On Audit Services" and Code of Professional Ethics as approved by the Latvian Association of Certified Auditors. These procedures cover regular training in professional ethics, including independence requirements, as well as responsibility to follow them, established through contractual arrangements with personnel and outsourced experts, and regular declarations of interests and written confirmations of independence at the level of audit practice and of individual audit assignments. Annual examination of compliance with the independence requirements is carried out at the level of audit practice.

The rotation of responsible sworn auditors and the audit firm providing audit services to a public-interest entity is executed within the terms specified by law of the Republic of Latvia "On Audit Services".

#### Continuous professional development

Maintenance of qualification of SIA "Potapoviča un Andersone" personnel is based on regular self-assessment of competence and evaluation by the head of the practice, based on which appropriate training programs are tailored and implemented through training courses and seminars, as well as practical on-site training. Training priorities and actual process is documented and regularly reviewed. Sworn auditors engaged in the audit practice comply with the requirements of the Latvian Association of Certified Auditors for the maintenance and development of professional qualification and reported upon on an annual basis.

### Financial information

Financial position and results of operations of SIA "Potapoviča un Andersone" are illustrated by the following key indicators:

<b>Financial year</b>	<b>01.10.2017-30.09.2018</b>
<b>Total net sales (EUR), including:</b>	<b>942 755</b>
- <i>audits of financial statements of public-interest entities and companies under their control</i>	<i>89 000</i>
- <i>other audits of financial statements</i>	<i>821 179</i>
- <i>non-audit services for public-interest entities and companies under their control</i>	<i>1 450</i>
- <i>other non-audit services</i>	<i>31 126</i>
<b>Total assets at the end of the year (EUR)</b>	<b>247 886</b>

### Remuneration policy

SIA "Potapoviča un Andersone" remuneration system is directly linked to the professional performance of each person – considering knowledge, experience, attitude and responsibility. Professional staff remuneration policy is aimed to facilitate professional growth and low personnel turnover, thus ensuring sustainable team with healthy psychological climate and loyal attitude to the profession. Remuneration of audit partners is determined based on the volume of services provided and corresponding to the overall financial results of the practice.

Kristīne Potapoviča  
Chairperson of the Board  
SIA "Potapoviča un Andersone"  
29 January 2019