

TRANSPARENCY REPORT

Certified Auditors' Company SIA "Potapoviča un Andersone"

For the year ended 30 September 2022

This report is prepared in accordance with the requirements of Article 33¹ of the Law on Audit Services of the Republic of Latvia.

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 during the period under report 60% of shares was owned by a Latvian Certified Auditor - Kristīne Andersone (formerly - Potapoviča) chairing the Board of the company. Member of the Board Sandra Apsāne owned 20% of shares, Member of the Board Lolita Čapkeviča and Proxy Anna Temerova-Allena owned 10% of shares each. Since 29 November 2022 the Board of SIA "Potapoviča un Andersone" consists of four members and was joined by Anna Temerova-Allena, and 60% of the company's shares are owned by a sworn auditor company SIA "Andersone un Jākobsone" and Lolita Čapkeviča and Anna Temerova-Allena owns 20% shares each. All the Board members 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 publicly available information, SIA "Potapoviča un Andersone" is among the ten largest certified auditors' company in Latvia based on 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, high level of data security, 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. Client acceptance and continuance procedures and acceptance and continuance procedures for specific engagements, including procedures for preventing money laundering and terrorist and proliferation financing, sanctions violations and procedures for assessing corruption risks;
4. Personnel management;
5. Performance of engagements;
6. Supervision and oversight.

The Board of SIA "Potapoviča un 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.

SIA "Potapoviča un Andersone" is subject to quality control inspection by the Ministry of Finance, in capacity of the competent authority according to the clause 1 of the article 37.⁵ of the Law on Audit Services. The last such quality control inspection has been successfully completed in November 2022.

Audits of public interest entities

During the year ended 30 September 2022 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 "Agrocredit Latvia" (bonds listed in the Baltic Bond List);
2. AS "SAF TEHNIKA" (shares listed on Nasdaq Baltic Main List);
3. AIFP AS "EuVECA Livonia" (alternative investment fund management company);
4. SIA "Baltcap AIFP" (alternative investment fund management company).

No audits of other public interest entities 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 On Audit Services of the Republic of Latvia and International Code of Ethics for Professional Accountants (including International Independence Standards) 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 certified auditors and the audit firm providing audit services to a public interest entity is executed within the terms specified by the Law on Audit Services of the Republic of Latvia and International Code of Ethics for Professional Accountants.

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. Certified 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 which is reported upon on an annual basis.

Information on the total revenues

Financial year	01.10.2021-30.09.2022
Total net sales (EUR), including:	1 165 225
- audits of financial statements of public-interest entities and companies under their control	64 985
- other audits of financial statements	1 014 405
- non-audit services for public-interest entities and companies under their control	3 150
- other non-audit services and consultations	82 685

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 Andersone
Chairperson of the Board
SIA "Potapoviča un Andersone"

27 January 2023

[Link to prior year Transparency Reports](#)