

TRANSPARENCY REPORT

Certified Auditors' Company SIA "Potapoviča un Andersone"

For the period of 11 months ended 31 August 2023

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

In order to harmonise the reporting period with the operating cycle, SIA "Potapoviča un Andersone" changed the end of the reporting period in 2023 from 1 September to 31 August. Accordingly, this Transparency report covers an 11 month period from October 1, 2022 to the new end of the reporting period – August 31, 2023.

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 auditors' company, where during the period under report 60% of shares were 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 December 19, 2022 the Board of SIA "Potapoviča un Andersone" consists of four members as Anna Temerova-Allena became a Board Member. Starting from December 13, 2022, 60% of the company's shares were owned by a certified auditors' company SIA "Andersone un Jākobsone", and Lolita Čapkeviča and Anna Temerova-Allena owned 20% shares each. After the end of the reporting period changes in the Articles of Association and shareholdings were performed and registered with the Company Register of the Republic of Latvia on November 23, 2023, based on which ownership of 70% of the shares with voting rights is held by Kristīne Andersone, and Sandra Apsane, Lolita Čapkeviča and Anna Temerova-Allena own 10% of the shares with voting rights each, and a new category of shares without voting rights was introduced. 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' companies 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 has been built and maintained in compliance with International Quality Management Standards and International Standards on Auditing as approved by Latvian Association of Certified Auditors and during this reporting period it has been enhanced in accordance with the requirements of the International Standards on Quality Management, and it covers the following areas:

1. Quality oriented corporate and management culture;
2. Requirements of Professional Ethics;
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 along with procedures for assessing corruption risks;
4. Management of human, technological and intellectual resources;
5. All stages of engagement performance;
6. Information and communication;
7. Risk assessment, monitoring and remediation of quality management system.

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.

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 period ended 31 August 2023 SIA "Potapoviča un Andersone" has performed audits (in one case – a review) 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. AS "EuVECA Livonia Partners" (alternative investment fund management company);
4. SIA "Livonia Partners GP AIFP" (alternative investment fund management company);
5. SIA "Baltcap AIFP" (alternative investment fund management company);
6. SIA "ZGI Capital alternatīvo ieguldījumu fondu pārvaldes sabiedrība" (alternative investment fund management company).

No audits of other public interest entities have been performed during the reporting period.

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 period	01.10.2022-31.08.2023
Total net sales (EUR), including:	1 650 914
- audits of financial statements of public-interest entities and companies under their control	81 950
- other audits and reviews of financial statements	1 453 975
- non-audit services for public-interest entities and companies under their control	6 070
- other non-audit services and consultations	108 919

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"

29 December 2023

[Link to prior year Transparency Reports](#)