

**A limited liability company  
„Standardisation, Accreditation and Metrology Centre”  
Structural Unit “Latvian National Accreditation Bureau”**

**Annual Report 2016**

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**Information about the Company and the structural unit**

Company and its structural unit's name	<i>Standardisation, Accreditation and Metrology Centre Ltd. (SAMC) Structural Unit - "Latvian National Accreditation Bureau" (LATAK)</i>
Legal status of the company	<i>A limited liability company</i>
Registration No., place and date	<i>40003427231, in the Commercial Register, Riga, on 30 June 2004</i>
Type of business according to NACE classification	<i>71.20 Technical testing and analysis 63.99 Other information service activities</i>
Address	<i>157 Krišjāņa Valdemāra Street, Riga, LV-1013, Latvia</i>
Full names and addresses of the members	<i>Ministry of Economics (100%) 55 Brīvības Street, Riga, LV-1519</i>
Names, surnames, positions of the members of the Board	<i>Valdis Blome – Chairman of the Board to 02.02.2016. Raimonda Liepina (Liepiņa) – Member of the Board to 17.03.2016. Olga Veilande – Member of the Board 19.04.2016. – 10.06.2016. Kaspars Paupe – Member of the Board from 10.06.2016.</i>
Procurator	<i>Ingars Pilmanis, from 08.02.2016.</i>
Head of the Latvian National Accreditation Bureau	<i>Olga Veilande</i>
Financial year	<i>01.01.2016. – 31.12.2016.</i>
Accounting contact details	<i>Sarma Erdmane – Head of the Financial Department</i>
Name and address of the auditor:	<i>Potapoviča un Andersone Ltd. Company of Certified Auditors licence No.99 12-45 Ūdens Street, Riga, LV-1007 Latvia</i>  <i>Responsible Certified Auditor: Kristīne Potapovica (Potapoviča) Certificate No. 99</i>

## Management report

### Operations of Standardisation, Accreditation and Metrology Centre Ltd. and its structural unit - Latvian National Accreditation Bureau in 2016

#### Type of business of the Company and its structural unit

Since 1 July 2009 Standardisation, Accreditation and Metrology Centre Ltd. (hereinafter referred to as - the Company) has performed the assignments of standardisation, accreditation and metrology pursuant to the "Standardisation Law", the Law "On Conformity Assessment", the Law "On Uniformity of Measurements" and other related regulatory enactments.

Since 1 January 2016 Latvian National Metrology Centre Ltd. has been delegated to ensure and fulfil tasks of a national metrology institution delegated by the state based on Cabinet Regulation No. 689 of 08.12.2015 "Amendment to Cabinet Regulation No.3 of 7 January 2014 "Regulations on national metrology institutions".

Since 1 July 2009 the Latvian National Accreditation Bureau (hereinafter referred to as the LATAK), a structural unit of Standardisation, Accreditation and Metrology Centre Ltd. (hereinafter referred to as Company) has performed the assignments of accreditation pursuant to the Law "On Conformity Assessment" and other related laws and regulations.

#### About the Company's fixed capital

The Ministry of Economics of the Republic of Latvia is the holder of capital shares for the Government, the nominal share value is EUR 1, number of shares 14,255 with their respective total nominal value of EUR 14,255.

#### Company's operation in the financial year

Information about the Company's operation in the financial year is provided in Annual Report 2016 of Standardisation, Accreditation and Metrology Centre Ltd.

#### Structural unit - LATAK's operation in the financial year

As at 31 December 2016 the Latvian National System of Accreditation maintains 283 accredited bodies, including 7 cross-border accreditations. In 2016, 27 new bodies were accredited, including 14 medicine laboratories, accreditation was suspended only for 4 and cancelled for 12 bodies.

In 2016, LATAK carried out re-evaluation of competence of 23 conformity assessment bodies according to the requirements of technical harmonisation directives with regard to simple pressure vessels, electrical installations (incl. electromagnetic compatibility), elevators and safety components of elevators, equipment and protection systems, which are intended for use in an explosive environment, pressure vessels, measuring instruments and non-automated scales, as well as mastered accreditation requirements in the field of licencing of security operations and sterilisation of medical devices. In 2016, LATAK started mastering the requirements for accreditation of auditors of TCSP service providers (trusted certification service providers) according to REGULATION (EU) No. 910/2014 of the EUROPEAN PARLIAMENT AND OF THE COUNCIL, which is planned to be completed in early 2017. It is anticipated that the application for accreditation according to the requirements of Regulations No. 910/2014 will be received in 2017.

In 2016, 9 international interlaboratory testing and interlaboratory calibration measures were coordinated. In May 2016, a decision was made at the European accreditation cooperation level on the extension of the scope of the Multilateral Agreement (hereinafter referred to as MLA) of the European co-operation for Accreditation (hereinafter referred to as EA) according to ISO/IEC 17043 "Conformity assessment - General requirements for proficiency testing". In October 2017, a comparative evaluation of EA MLA auditors will be conducted, within the scope of which the evaluation of the LATAK's competence in the field of ISO/IEC 17043 is planned as well.

In 2016, the LATAK's representative continued to cooperate in the ISO CASCO development and in the work of workgroup No. 42, which reviewed the requirements of ISO/IEC 17011. There are plans to announce the updated ISO/IEC 17011 in May 2017, implementation period: 3 years.

On 20 and 21 April 2016 LATAK organised an EA MLA council meeting with participation of leaders and representatives of European accreditation bodies. During the meeting, the results of EA MLA audit were reviewed and decisions on preservation of the status of a signatory of EA MLA were made for several national accreditation bodies.

From 2016, within an EU-funded project, LATAK's representatives participated in the project "Support to the Alignment of Technical Regulations and Enhancement of the Quality Infrastructure in Turkmenistan", the beneficiary of which was the national accreditation body of Turkmenistan. Also, in 2016, LATAK in consortium with DAKKS (Germany), BAM (Germany) and ACCREDIA (Italy) participated and became winners in the international Twinning project competition for Azerbaijan national body (Twinning Number: AZ 13 ENI TR 02 16 (AZ/46)). The project is planned to be started in May 2017.

Within the scope of the cooperation programme harmonised by the Latvian and Belorussian intergovernmental economic, scientific and technical commission, trainings on the application of the requirements of ISO 17021-1, ISO 17021-2 and ISO 17021-3 were organised in Minsk in cooperation with the Belorussian state accreditation centre. The seminar was led by a LATAK representative and it was attended by 60 participants.

Within the scope of the project of EA and the European Railway Agency (ERA), a LATAK's representative is member of the expert group for monitoring of notified bodies of the European railway interoperability directive.

When celebrating the World Accreditation Day, on 16 June 2016 the Latvian National Accreditation Bureau (LATAK) organised a conference "Accreditation: support to promotion of competitiveness and exportability". The conference was a gathering place for policy makers, representatives of non-governmental organisations, sectoral professionals and businessmen, where they discussed the role and value added of accreditation and conformity assessment in promotion of competitiveness and exportability. The conference was attended by 90 participants.

In order to ensure mutual harmony between the accreditation procedures developed by LATAK and their compliance with the requirements of external laws and regulations and LVS EN ISO/IEC 17011 "Conformity assessment - General requirements for accreditation bodies accrediting conformity assessment bodies" to be updated and binding applicable documents, a new draft regulation for the accreditation procedure was developed in 2016, which is intended to be implemented in 2017.

The modernisation of the LATAK's document management system and accreditation information system (hereinafter referred to as AIS) started in 2016 and there are plans to introduce it in 2017. Along with the implementation of AIS, a revised LATAK website will start to be used, which will be implemented in 2017.

**Management report**  
**Operations of Standardisation, Accreditation and Metrology Centre Ltd. and its structural unit – Latvian National Accreditation Bureau in 2016 (continued)**

**Description of the LATAK structural unit's activities during the reporting year (continued)**

In order to strengthen cooperation with market surveillance bodies, work on the Methodology of evaluation of complaints submitted by market surveillance bodies, the Methodology of evaluation of the operation of conformity assessment bodies, which inspect and verify water consumption meters and heat energy meters and Methodology of evaluation of the operation of conformity assessment bodies, which inspect dangerous equipment, will start in 2016 and the plan is to introduce them in 2017.

In order to ascertain LATAK's competence in the field of environmental management and audit system (hereinafter referred to as EMAS), in December 2017 the Forum of Accreditation and Licensing Bodies (hereinafter referred to as FALB) will audit LATAK in the field of EMAS.

In September 2017, LATAK will organise a meeting of the Inspection and Certification Committee organised by EA in Riga.

**Structural unit's exposure to risks**

The structural unit is not exposed to the currency fluctuation risk, because settlements are in euro. The company is not subject to significant of price fluctuations.

**Future prospects and development in 2017**

According to the decision adopted at the meeting of the Cabinet of Ministers on 5 April 2017, the beginning of reorganisation of the Company through division was supported, stating that the acquiring companies are the following newly established companies: state limited liability company "Latvian National Accreditation Bureau", which overtakes functions, rights, liabilities, property, finances (including own income), record-keeping and archives of the national accreditation body, and state limited liability company "Latvian Standard", which overtakes functions, rights, liabilities, property, finances (including own income), record-keeping and archives of the national standardisation body.

**Events after the end of the financial period**

Except the information referred to in the paragraph above, after the end of the financial period there were no events that could materially affect the results of the structural unit's operation or financial standing as at 31 December 2016.

**Activities in the areas of scientific-research and the development of society**

During the financial period the structural unit - LATAK had not carried out activities in the areas of scientific-research and the development of society.

**Profit distribution recommended by the management**

Recommendations for the Company's profit distribution are provided in the management report of SAMC Annual Report 2016 and annex to the financial statement. It is planned to cover losses for the financial period of the structural unit - LATAK from retained earnings of previous years.

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Kaspars Paupe  
Member of the Board

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Olga Veilande  
Head of the Latvian National Accreditation Bureau

On 10 July 2017

Assets			31.12.2016	31.12.2016	31.12.2015	31.12.2015
	Note No.	EUR LATAK	EUR SAMC	EUR LATAK	EUR SAMC	
<b>1. Long-term investments</b>						
<b>I. Intangible investments</b>						
Advance payments for intangible investments		73,171	73,171	13,900		13,900
Other intangible investments		876	126,653	1,168		146,601
<b>Intangible investments total</b>		<b>74,047</b>	<b>199,824</b>	<b>15,068</b>		<b>160,501</b>
<b>II. Fixed assets</b>						
Technological equipment and machinery		-	309	-		265,702
Other fixed assets and inventory		27,526	45,977	10,763		38,580
<b>Fixed assets total</b>		<b>27,526</b>	<b>46,286</b>	<b>10,763</b>		<b>304,282</b>
<b>Long-term investments total</b>	7	<b>101,573</b>	<b>246,110</b>	<b>25,831</b>		<b>464,783</b>
<b>2. Current assets</b>						
<b>I. Inventories</b>						
Raw materials, basic materials, and ancillaries		183	183	1,611		6,648
<b>Inventories total</b>		<b>183</b>	<b>183</b>	<b>1,611</b>		<b>6,648</b>
<b>II. Debtors</b>						
Purchasers and commissioning party debts	8	9,609	9,609	20,998		20,998
Other debtors	9	315	2,956	132		376
Next period costs	10	2,498	4,794	4,089		4,772
Accrued revenue	11	17,810	17,810	36,688		36,667
<b>Debtors total</b>		<b>30,232</b>	<b>35,169</b>	<b>61,907</b>		<b>62,813</b>
<b>IV. Cash</b>	12	<b>236,553</b>	<b>378,882</b>	<b>329,400</b>		<b>432,626</b>
<b>Current assets total</b>		<b>266,968</b>	<b>414,234</b>	<b>392,918</b>		<b>502,087</b>
<b>Assets total</b>		<b>368,541</b>	<b>660,344</b>	<b>418,749</b>		<b>966,870</b>

Annex from page 9 to 14 shall be an integral part to these financial statements.

Liabilities	Note No.	31.12.2016 EUR LATAK	31.12.2016 EUR SAMC	31.12.2015 EUR LATAK	31.12.2015 EUR SAMC
<b>1. Equity</b>					
The fixed capital	13		<b>14,255</b>		<b>162,925</b>
Revaluation reserve of long-term investments			<b>300</b>		<b>187,859</b>
Reserves:					
c) other reserves		103,477	132,347	103,477	132,347
Reserves total		<b>103,477</b>	<b>132,347</b>	<b>103,477</b>	<b>132,347</b>
Retained earnings:					
a) retained earnings of previous years		122,494	111,913	74,507	25,217
b) retained earnings (loss) of the financial year		(42,057)	31,953	47,987	86,696
<b>Equity total</b>		<b>183,914</b>	<b>290,768</b>	<b>225,971</b>	<b>595,044</b>
<b>2. Long-term creditors</b>					
Next period revenue		-	92,918	-	93,952
<b>Long-term creditors total</b>		<b>-</b>	<b>92,918</b>	<b>-</b>	<b>93,952</b>
<b>II. Short-term creditors</b>					
Prepayments received from purchasers	14	81,685	81,685	119,960	119,960
Accounts payable to suppliers		185	3,066		11,871
Taxes and State mandatory social insurance payments	16	27,855	49,897	20,623	29,912
Accrued liabilities	17	18,378	33,181	22,435	27,062
Next period revenue	18	35,657	81,826	28,032	87,424
Other creditors	15	20,867	27,003	1,728	1,645
<b>Short-term creditors total</b>		<b>184,627</b>	<b>276,658</b>	<b>192,778</b>	<b>277,874</b>
<b>Creditors total</b>		<b>184,627</b>	<b>369,576</b>	<b>192,778</b>	<b>371,826</b>
<b>Liabilities total</b>		<b>368,541</b>	<b>660,344</b>	<b>418,749</b>	<b>966,870</b>

Annex from page 9 to 14 shall be an integral part to these financial statements

Kaspars Paupe  
Member of the Board

Olga Veilande  
Head of the Latvian National Accreditation Bureau

Sarma Erdmane  
Head of the Financial Department

On 10 July 2017

	Note No.	2016 EUR LATAK with the support functions	2016 EUR SAMC	2015 EUR LATAK with the support functions	2015 EUR SAMC
Net turnover	1	632,039	801,309	627,977	801,393
Production costs of products sold	2	(786,279)	(1,124,716)	(691,742)	(1,167,288)
<b>Gross profit or loss</b>		<b>(154,240)</b>	<b>(323,407)</b>	<b>(63,765)</b>	<b>(365,895)</b>
Administrative costs	3	(23,136)	(26,750)	(6,574)	(11,060)
Other revenue from economic activities	4	137,410	403,251	125,845	481,666
Other costs of economic activity	5	(2,089)	(4,079)	(298)	(4,556)
<b>Profit or loss before taxes</b>		<b>(42,057)</b>	<b>49,015</b>	<b>55,208</b>	<b>100,155</b>
Enterprise income tax		-	(17,062)	(7,221)	(13,459)
<b>Profit or losses for the financial year</b>		<b>(42,057)</b>	<b>31,953</b>	<b>47,987</b>	<b>86,696</b>

Annex from page 9 to 14 shall be an integral part to these financial statements.

Kaspars Paupe  
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Head of the Financial Department

On 10 July 2017



## Annex

### Accounting policies

#### a) General principles

The annual report of the company has been prepared according to laws of the Republic of Latvia On Accounting, the Law On the Annual Financial Statements and Consolidated Financial Statements and Cabinet Regulation No. 775 Regulations Regarding the Application of the Law On the Annual Financial Statements and Consolidated Financial Statements. The income statement has been prepared according to the scheme specified in Annex 3 to the Law On the Annual Financial Statements and Consolidated Financial Statements (classifying expenses by function).

In accordance with Article 5 of the Law On the Annual Financial Statements and Consolidated Financial Statements, the Company is classified as a small enterprise. The financial statement of the Company has been prepared according to the requirements of Section 9 of the Law On the Annual Financial Statements and Consolidated Financial Statements. The accounting and valuation methods used by the Company have not changed compared to the previous accounting year. In the cases, when those comparative indicators are reclassified, which do not influence the result of previous periods and the size of equity, explanations shall be provided either in the respective item of the accounting policy or in the respective section of Annex to the financial statement. The annual report has been prepared on a going concern basis.

The Company is operating with gross loss and depends on state budget grants.

Methods of preparation of financial statements of LATAK are foreseen for preparation of separate financial reports of LATAK according to general basic accounting principles approved by the management, which are based on income and expense division principle between SAMC structural units. Methods of preparation of financial statements and revenue/expense distribution have been made on the basis of the Company's approved internal regulatory enactment "Methods of accounting revenue and expenses when preparing the financial statements of the structural units". The Company ensures registration of income, expenses, assets and liabilities of each structural unit. To calculate the ratio of the operating costs of structural units which are not directly eligible, the costs of structural units shall be allocated proportionately to the average number of employees employed in the offices. The average number of employees shall be calculated by counting the employees employed in the Company on the last date of each month of the financial year and dividing the sum by the number of months in the financial year.

#### b) Information about the Company and the structural unit

The information on the Company provided for by the Law is provided on page 3 of the annual report.

#### c) Net turnover

Income from sales of goods and rendering of services related to the accounting year is included in the profit or loss item of "Net turnover". Net turnover is the aggregate amount of the value of services rendered and goods sold during the year less value added tax. Revenues are recognised based on the accruals principle.

#### d) Foreign currency translation

The Company's accounting records are maintained in euro. All the transactions in foreign currencies during the accounting period are recorded according to the euro exchange rate set based on the procedure of harmonisation and publication of the European System of Central Banks and other central banks. At the end of the accounting year, foreign currency cash balances and advance and loan balances expressed in foreign currencies, as well as other balances of receivables or payables in foreign currencies are recalculated from the foreign currency to the euro in accordance with the foreign exchange rate used for accounting purposes that is in force at the end of the last day of the accounting year. Profit or losses gained as a result of foreign currency fluctuations are reflected in the profit and loss statement for the relevant period.

#### e) Intangible investments and fixed assets

Intangible investments and fixed assets are measured at their acquisition value less amortisation or depreciation. Amortisation or depreciation is calculated by the straight-line method during the useful life of respective intangible investments or fixed assets in order to write off the value of intangible investments or fixed assets to their estimated residual value at the end of the useful life, applying the following rates set by the management:

	% per year
Intangible investments	During the effective period of the intangible investment
Plant	20
Other machinery and equipment, vehicles	20
communication equipment and computer hardware	33

#### f) Inventories

Inventories are indicated at lower of cost or market. Inventories are assessed using FIFO method. The value of the outdated, slow turnover or damaged stock units is written off when required.

#### g) Debts of debtors

Receivables in the balance sheet are shown in net value deducting from the initial value provisions for doubtful and bad debts. Specific provisions for doubtful and bad debts are established when the Company's management believes that the recovery of these specifically separated receivables is doubtful. Taking into account the limitation period of trade receivables in days, general provisions for bad and doubtful debts have been established in addition to special provisions.

#### h) Operating lease

##### The Company as a lessee

Lease in which a significant portion of the risks and rewards of ownership are retained by the lessor is classified as operating lease. Lease payments and prepayments for lease (less financial incentives received from the lessor) are included in the profit and loss statement on a straight-line basis over the lease term.

Annex (continued)

**The Company as a lessor**

The assets leased in operating lease are reflected among fixed assets at their acquisition value less depreciation. Depreciation is calculated according to the straight-line method during the period of beneficial use of respective assets to write off the value of the fixed asset till its estimated residual value at the end of the period of beneficial use, applying the rates set for similar fixed assets of the Company. Lease income from operating lease are prepayments received from customers are included in the profit and loss statement on a straight-line basis over the lease term.

**i) Corporate income tax**

Corporate income tax expenses of the accounting year are included in the financial statement, based on the calculation carried out by the management in accordance with the tax laws and regulations of the Republic of Latvia. The share of enterprise income tax of the structural unit is calculated separately, according to operational results of the structural unit. Deferred tax is not recognised according to the provisions of the Law On the Annual Financial Statements and Consolidated Financial Statements.

**j) Reserves for carry-over vacations**

The amount of provisions is calculated by multiplying the average daily earnings of employees in the accounting year by the number of days of carry-over vacations at the end of the accounting year.

**k) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and its equivalents comprise cash in hand and cash at bank. Cash of the structural unit is shown according to analytical calculations, estimating cash flow of the structural unit, which has been prepared according to the indirect method. When separating assets and liabilities of the structural unit, any resulting mutual settlements between the structural unit and other structural units of the Company are closed, respectively adjusting the cash balance of the structural unit at the end of the accounting period.

**l) Related parties**

Company's shareholders, members of the Board, their close family members and companies, in which the said persons have control or crucial influence, are deemed related parties.

**m) Use of estimates**

The preparation of financial statements requires management to make known estimates and assumptions that affect the balances of balance sheet and profit and loss statement items, as well as the amount of possible liabilities reflected in individual financial statements. Future events may affect assumptions based on which the estimates concerned have been made. Any effect of changes in the estimates is reflected in the financial statement when found.

**n) Events after the balance sheet date**

The financial statement reflects such events after the end of the accounting year, which provide additional information regarding the financial position of the company on the day the balance sheet is drawn up (adjusting events). If events after the end of the accounting year do not adjust anything, they are reflected in notes to the financial statements only, if those are significant.

**o) Contingent liabilities and assets**

Contingent liabilities are not recognised in this financial statement. This is because the liabilities are recognised only if the possibility that funds will be issued becomes sufficiently substantiated. Contingent assets in this financial statement are not recognised, yet they are reflected solely where the possibility that economic benefits related to operations will reach the Company is sufficiently substantiated.

**p) Corrections of errors of previous years and adjustments to previous years made as a result of changes in the law**

The Company has found an error in indicators of the previous year, which was corrected in the annual report for 2016. The description of the effect of the correction is provided in the Accounting Policies annex to the SAMC Annual Report 2016. This error has no effect on the financial statement of LATAK.

According to the requirements of the Law On the Annual Financial Statements and Consolidated Financial Statements, the Company does not recognise deferred tax liabilities, therefore, previous years were corrected in the general financial statement of the Company and in the separate financial statement of LATAK. Having evaluated the effect of the correction, it has been stated that the deferred tax liabilities attributable to LATAK in previous accounting periods were calculated incorrectly, thus also causing analytical deviations in cash balances of the structural unit as at the end of 2014 and 2015.

The effect of the correction on total operational results of the Company is provided in the Accounting Policies annex to the SAMC Annual Report 2016.

The income statement of 2015 was corrected with regard to LATAK, excluding from the annual report for 2015 deferred tax expenses of EUR 2,213, and retained earnings of previous years were adjusted increasing the retained earnings of previous years indicator by EUR 15,237.

According to the set procedures, the calculated cash balance of the structural unit as at 31.12.2015 was adjusted by EUR 15,237.

**q) Reorganisation**

According to the decision adopted at the meeting of the Cabinet of Ministers on 5 April 2017, the beginning of reorganisation of the Company through division was supported, stating that the acquiring companies are the following newly established companies: state limited liability company "Latvian National Accreditation Bureau", which overtakes functions, rights, liabilities, property, finances (including own income), record-keeping and archives of the national accreditation body, and state limited liability company "Latvian Standard", which overtakes functions, rights, liabilities, property, finances (including own income), record-keeping and archives of the national standardisation body.

**Annex**
**1) Net turnover**

	2016 EUR LATAK (with the functions provided by ADM)	2016 EUR SAMC	2015 EUR LATAK with the support functions provided by ADM	2015 EUR SAMC
Paid services provided	614,229	801,309	610,552	801,393
Accrued revenue	17,810	-	17,425	-
<b>Total</b>	<b>632,039</b>	<b>801,309</b>	<b>627,977</b>	<b>801,393</b>

**2) Production costs of products sold by the structural unit**

Staff costs	553,581	770,233	500,471	836,422
Depreciation on fixed assets	13,726	55,485	8473	50,464
Write-off of the value of current assets	5,055	6,854	301	2,016
Costs of involved outsourced experts	74,920	77,439	60,011	65,637
Lease of premises, payments for utilities	33,606	48,987	24,255	47361
Business travel costs	54,838	65,058	59,428	68,406
Communications services	3,811	5,328	4624	7,370
Transport costs	3,078	8,335	3,676	4,736
Information technology services	5,761	14,617	1,835	11,995
Outsourcing	2,555	5,705	4,143	13,971
Irrecoverable input VAT	19,620	36,480	7,157	14,121
Improvement of staff qualification	1,341	1,543	3,806	4148
LNE maintenance costs (calibration)	-	-	-	8,091
Acquisition of standards and translation of standards	-	14568	-	5,006
Advertising costs	-	324	-	2,412
Premises renovation costs	1,037	1,372	-	5,740
Stationery	3,239	4,086	4,562	6,257
Other production costs	10,111	8,302	9,000	13,135
<b>Total</b>	<b>786,279</b>	<b>1,124,716</b>	<b>691,742</b>	<b>1,167,288</b>

**3) Administrative costs**

Professional service costs	13,973	15,573	1,482	2,756
Representation expenses	8,025	9,503	3,663	4,745
Other administrative costs	1,138	1,674	1,429	3,559
<b>Total</b>	<b>23,136</b>	<b>26,750</b>	<b>6,574</b>	<b>11,060</b>

**4) Other revenue from economic activities**

Grants received and revenue from financing of long-term investments	135,165	297,069	121,300	463,233
Reduction of reserves for doubtful debtors	-	-	1,407	1,407
Fines	46	46	228	228
Revenue from fluctuations of foreign currency exchange rates	-	172	-	-
Revenue from exclusion of revalued long-term investments	-	71,374	-	-
Other income	2,199	34,590	4,317	16,798
<b>Total</b>	<b>137,410</b>	<b>403,251</b>	<b>127,252</b>	<b>481,666</b>

**5) Other costs from economic activities**

Loss from fluctuations of currency exchange rates	-	568	11	1,197
Fines	454	596	-	8
Other expenses	1,635	2,915	287	3,351
<b>Total</b>	<b>2,089</b>	<b>4,079</b>	<b>298</b>	<b>4,556</b>

## Annex (continued)

## 6) Enterprise income tax

	2016 EUR LATAK (with the functions provided by ADM)	2016 EUR SAMC	2015 EUR LATAK with the support functions provided by ADM	2015 EUR SAMC
Enterprise income tax of the financial year	-	17,062	7,221	13,459
	<b>-</b>	<b>17,062</b>	<b>7,221</b>	<b>13,459</b>
Enterprise income tax differs from the theoretical amount of tax:				
<b>Profit before enterprise income tax</b>	<b>(42,057)</b>	<b>49,015</b>	<b>55,208</b>	<b>100,155</b>
Theoretically calculated tax	(6,309)	7,352	8,281	15,023
Expenses not entitled to reduce taxable income	-	1,117	-	1,606
Unrecognised changes in deferred tax assets	-	8,593	-	(3,170)
Other adjustments	6,309	-	(1,060)	-
<b>Tax expenses</b>	<b>-</b>	<b>17,062</b>	<b>7,221</b>	<b>13,459</b>

## 7) Statement of turnover of long-term investments of the structural unit

	Concessions, patents, licenses, trademarks, and similar expenditure EUR	Other fixed assets EUR	Costs of the establishment of fixed assets EUR	Total EUR
<b>Initial value</b>				
<b>31.12.2015</b>	<b>22,007</b>	<b>104,551</b>	<b>13,900</b>	<b>140,458</b>
Acquired	-	25,464	59,271	84,735
Liquidated	(21,685)	(74,001)	-	(95,686)
Internal relocation	1,295	662	-	1,957
<b>31.12.2016</b>	<b>1,617</b>	<b>56,676</b>	<b>73,171</b>	<b>131,464</b>
<b>Accumulated depreciation</b>				
<b>01.01.2016.</b>	<b>20,839</b>	<b>93,788</b>		<b>114,627</b>
Depreciation in the financial year	1,250	8,743		9,993
Excluded due to cessation of operation	(21,685)	(73,793)		(95,478)
Internal relocation	337	412		749
<b>On 31 December 2016</b>	<b>741</b>	<b>29,150</b>		<b>29,891</b>
<b>Residual value as at 31.12.2015</b>	<b>1,168</b>	<b>10,763</b>	<b>13,900</b>	<b>25,831</b>
<b>Residual value as at 31.12.2016</b>	<b>876</b>	<b>27,526</b>	<b>73,171</b>	<b>101,573</b>

## 8) Purchasers and commissioning party debts

	2016 EUR LATAK	2016 EUR SAMC	2015 EUR LATAK	2015 EUR SAMC
Accounting value of purchasers and commissioning party debts	12,703	12,703	22,952	22,952
Reserves for bad and doubtful purchasers and commissioning party debts	(3,094)	(3,094)	(1,954)	(1,954)
<b>Balance sheet value</b>	<b>9,609</b>	<b>9,609</b>	<b>20,998</b>	<b>20,998</b>

## 9) Other debtors

Settlements with security	31	196	57	172
Settlements for advance payments with other persons	63	347	75	204
VAT reserve	221	300	-	-
Overpaid taxes	-	922	-	-
Other debtors	-	890	-	-

Advance payments	-	301	-	-
<b>Total</b>	<b>315</b>	<b>2,956</b>	<b>132</b>	<b>376</b>

## Annex (continued)

## 10) Next period costs

	2016 EUR LATAK	2016 EUR SAMC	2015 EUR LATAK	2015 EUR SAMC
Insurance	1284	1,679	633	984
Subscription costs	-	274	-	85
Anti-virus licenses	907	1,574	-	-
Business travel and vacation costs	304	824	3,277	3,278
HORIZON module maintenance fee	-	427	179	425
Other next period expenses	3	16	-	-
<b>Total</b>	<b>2,498</b>	<b>4,794</b>	<b>4,089</b>	<b>4,772</b>

## 11) Accrued revenue

Contractual obligations provide for an annual accreditation maintenance fee for customers. SAMC has made calculations to estimate the part of the income that is attributable to the financial period but for which no invoices have been issued yet.

## 12) Cash

Bank accounts and cash on hand	236,553	378,882	329,400	432,626
<b>Total</b>	<b>236,553</b>	<b>378,882</b>	<b>329,400</b>	<b>432,626</b>

LATAK's cash is shown according to the LATAK's account balance plus analytically calculated portion of LATAK's cash, which are accrued on LATAK's banks accounts as at the end of the accounting period.

## 13) Fixed capital and reserves

The Ministry of Economics of the Republic of Latvia is the holder of capital shares for the Government, the nominal share value is EUR 1, number of shares 14,255 with their respective total nominal value of EUR 14,255. The portion of the fixed capital of the Company is not attributable to LATAK as a structural unit, while reserves calculated analytically, when ensuring separate accounting of the structural unit and corrected for the operational result of the reporting period are attributable.

## 14) Prepayments received from purchasers

Prepayments received from purchasers	81,685	81,685	119,960	119,960
<b>Total</b>	<b>81,685</b>	<b>81,685</b>	<b>119,960</b>	<b>119,960</b>

## 15) Other accounts payable

Advance statements	-	-	83	-
Salaries	20,867	27,003	1,645	1,645
<b>Total</b>	<b>20,867</b>	<b>27,003</b>	<b>1,728</b>	<b>1,645</b>

## 16) Taxes

VAT	-	(922)	-	283
Enterprise income tax	-	8,906	5,794	13,396
State mandatory social insurance payments	17,599	26,149	14,823	16,204
Personal income tax	10,074	14,658	-	-
Company Car Tax	174	174	-	-
Business risk state fee	8	10	6	29
<b>Total</b>	<b>27,855</b>	<b>49,897</b>	<b>20,623</b>	<b>29,912</b>

## 17) Accrued liabilities

Vacation reserves	16,982	27,082	20,285	26,961
Other liabilities	-	1,975	2150	101
Development of standards	-	1,447	-	-
Other accrued liabilities	1,396	2,677	-	-
<b>Total</b>	<b>18,378</b>	<b>33,181</b>	<b>22,435</b>	<b>27,062</b>

Annex (continued)

18) Next period revenue

	2016 EUR LATAK	2016 EUR SAMC	2015 EUR LATAK	2015 EUR SAMC
<b>Long term part</b>				
LVS IT project funding	-	76,274	-	77590
	-	16,644	-	16362
<b>Total</b>	<b>28,032</b>	<b>92,918</b>	<b>28,032</b>	<b>93,952</b>
				<b>87,423 27,559</b>
<b>Short term part</b>				
Standardisation Bureau database usage rights	-	7373	-	7712
LVS IT project funding	-	16,215	-	12,958
Part of the annual accreditation maintenance fee for 2017	35,657	35,657	28,032	28,032
Standardisation Bureau's E-comment project funding	-	10,786	-	38,722
Erasmus+ the financial allocation for the Programme	-	11,795	-	-
<b>Total</b>	<b>35,657</b>	<b>81,826</b>	<b>28,032</b>	<b>87,424</b>

19) Staff costs

In 2016 there were on average 17 employees at LATAK, as well as every month 27-33 outsourced assessors were recruited on a temporary basis to ensure the process of conformity assessment of the bodies carried out by the Latvian National Accreditation Bureau.

Type of costs	2016 EUR LATAK with the support functions provided by ADM	2016 EUR SAMC	2015 EUR LATAK with the support functions provided by ADM	2015 EUR SAMC
Wages	431,784	604,984	391,638	664,284
Contract work	74,920	74,920	60,010	65,638
Social insurance contributions, health insurance etc.	122,734	165,128	104,471	175,097
Vacation reserves	(938)	121	4,363	(2959)
<b>Total</b>	<b>628,500</b>	<b>845,153</b>	<b>560,482</b>	<b>902,060</b>

20) Events after the end of the financial period

According to the decision adopted at the meeting of the Cabinet of Ministers on 5 April 2017, the beginning of reorganisation of the Company through division was supported, stating that the acquiring companies are the following newly established companies: state limited liability company "Latvian National Accreditation Bureau", which overtakes functions, rights, liabilities, property, finances (including own income), record-keeping and archives of the national accreditation body, and state limited liability company "Latvian Standard", which overtakes functions, rights, liabilities, property, finances (including own income), record-keeping and archives of the national standardisation body.

Except the information referred to in the paragraph above, after the end of the financial period there were no events that could materially affect the results of the structural unit's operation or financial standing as at 31 December 2016.

21) Profit distribution recommended by the management

It is planned to cover losses for the financial period of the structural unit - LATAK from retained earnings of previous years.

Kaspars Paupe  
Member of the Board

Olga Veilande  
Head of the Latvian National Accreditation Bureau

Sarma Erdmane  
Head of the Financial Department

On 10 July 2017