





Audito kokybė yra labai svarbi žmonėms siekiant pasikliauti įmonių informacija bei pasitikėti rinkomis.



Informavimas apie pagrindinius audito dalykus yra sąlyginai naujas reikalavimas, kuris taip pat kelia papildomus reikalavimus audito kokybei.



Pagrindinių audito dalykų pateikimas yra atsakas į augantį investuotojų ir kitų suinteresuotų šalių poreikį dėl audito proceso skaidrumo bei išvalgų.

Pagrindinių audito dalykų pateikimo tikslas – auditoriaus nuomonėje suteikti daugiau informacijos skaitytojams ir tuo pačiu padidinti audito proceso skaidrumo lygį.



Auditorius turi nustatyti, kuriems dalykams, audito metu turėtų skirti daug dėmesio, atsižvelgiant į:



Didesnės įvertintos reikšmingo iškraipymo rizikos sritis ar reikšmingą riziką.



Reikšmingus auditoriaus sprendimus, susijusius su finansinių ataskaitų sritimis, dėl kurių vadovybė priėmė svarbius sprendimus, įskaitant apskaitinius įvertinimus, kurie buvo įvertinti kaip labai neapibrėžti.



Reikšmingų įvykių ar sandorių, kurie įvyko per laikotarpį, įtaką auditui.

Auditorius turi nustatyti, kurie pagal 9 dalį nustatyti dalykai buvo svarbiausi einamojo laikotarpio finansinių ataskaitų auditui ir kurie dėl to yra pagrindiniai audito dalykai.

Atskirų pagrindinių audito dalykų apibūdinimas

Apibūdinant kiekvieną pagrindinį audito dalyką auditoriaus išvados skyriuje „Pagrindiniai audito dalykai“, būtina:



Pateikti nuorodą į finansinėse ataskaitose atleistą susijusią informaciją (jei tokia yra).



Kodėl dalykas laikomas vienu iš svarbiausių auditui ir todėl apibrėžiamas kaip pagrindinis audito dalykas.



Kaip dalykas buvo sprendžiamas audito metu.

Pagrindiniai audito dalykai

Pavyzdžiai

Risk

How the scope of our audit responded to the risk

Conduct and litigation provisions and claims

In Notes 20 and 30 of the consolidated financial statements the directors have summarised the most significant legal proceedings, investigations and other regulatory and government actions involving the Group. The recognition and measurement of provisions and the measurement and disclosure of contingent liabilities in respect of litigation, customer remediation and regulatory investigations requires significant judgement by the directors and as a result is a key area of focus in our audit. As set out in the Accounting policies, judgement is needed to assess whether an obligation exists at 31 December 2015 in order to determine if:

- It is likely that an economic outflow such as a payment will occur; and
- The amount of the payment (or other economic outflow) can be estimated reliably.

At 31 December 2015 the Group held provisions for liabilities and charges totalling £7,366 million, including conduct and litigation claims totalling £6,108 million. The most significant areas of judgement were:

- The assessment of the provisions for payment protection insurance (£996 million at 31 December 2015) including the impact on the provision of the UK Supreme Court's decision in the case of Plevin v Paragon in November 2014 and the draft consultation paper issued by the FCA on 26 November 2015; and
- The recognition, measurement and disclosure of litigation and regulatory exposures in respect of mortgage-backed securities in the US.

We tested the design and operating effectiveness of the Group's key controls over the identification, recording and disclosure of exposures. The controls tested included those over the timely identification of exposures; the completeness and accuracy of data used in any models; and the assessment of the provision and disclosure of exposures in accordance with the relevant accounting standards.

We challenged the adequacy of provisions recognised by critically assessing the key assumptions used in the provision models and comparing the assumptions to available peer and historical data. This work also included, amongst other things, reviewing regulatory correspondence and the Group's complaint logs.

We assessed the provisions and disclosures in light of legal advice and correspondence with regulators received in connection with legal proceedings, investigations and regulatory matters. We also assessed the disclosures provided on conduct and litigation exposures in order to determine whether the disclosures were sufficiently clear regarding the uncertainties that existed in relation to the contingent liabilities and provisions recognised, including testing the disclosures on the sensitivity of the provisions to changes in the underlying assumptions.

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill and indeterminate useful life intangible assets	
<p>Goodwill and indeterminate useful life intangible assets comprise 8.0% of the total assets of the Group. These assets have been recognised in the consolidated statement of financial position as a consequence of the acquisitive nature of the Group.</p> <p>As required by the applicable accounting standards, management conducts annual impairment tests to assess the recoverability of the carrying value of goodwill and indeterminate useful life intangible assets. This is performed using discounted cash flow models. As disclosed in note 4, there are a number of key sensitive judgements made in determining the inputs into these models which include:</p> <ul style="list-style-type: none"> > Revenue growth (including market share and volume growth) > Operating margins > Exchange rate fluctuations and > The discount rates applied to the projected future cash flows. <p>Accordingly, the impairment test of these assets is considered to be a key audit matter.</p> <p>The Directors have engaged specialists to assist with the determination of the discount rates for the significant Cash Generating Units to which the goodwill and indeterminate useful life intangible assets relate.</p>	<p>We focused our testing of the impairment of goodwill and indeterminate useful life intangible assets on the key assumptions made by management. Our audit procedures included:</p> <ul style="list-style-type: none"> > Engaging our internal specialists to assist with: <ul style="list-style-type: none"> - Critically evaluating whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of IAS 36 <i>Impairment of Assets</i>. - Validating the assumptions used to calculate the discount rates and recalculating these rates. > Analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the Cash Generating Unit. > Subjecting the key assumptions to sensitivity analyses. > Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of management's projections. <p>We found that the assumptions used by management were comparable with historical performance and the expected future outlook and the discount rates used were appropriate in the circumstances. We consider the disclosure of the goodwill and indeterminate useful life intangible assets to be relevant and useful.</p>

Pension accounting policy change

As described in Note 1 on page 267, in 2015 the Group revised its accounting policy for determining whether or not it has an unconditional right to a refund of any surplus in its defined pension schemes. This change of policy had the effect of reducing retained earnings by £1,483 million at 1 January 2015. The complexities of the Group's pension arrangements over a number of schemes together with the complexities of accounting for defined benefit pension schemes meant that the change in accounting policy was an area of audit focus during the year.

Our audit focused on determining whether the new interpretations had been appropriately applied and the restatements were appropriate.

We used our pensions accounting specialists and our own actuaries to understand, challenge, assess and review pertinent evidence and calculations made in determining the pension assets and liabilities.

Our audit work included reviewing the terms of the Group's pension deeds to assess and consider the rights of pension trustees, which was a key determinant in the application of the changes in interpretation. We also assessed and met with external advisors to discuss the advice received by the Group in respect of the rights of pension trustees. A key focus of our audit work also included the calculation of:

- the liability for the minimum funding requirement, which together with the actuarial valuation at the balance sheet date determined the accounting deficit or surplus to be recognised; and
- the asset ceiling, which is the amount of any surplus eligible to continue to be recognised as an asset representing the benefits available from reductions in future service contributions for current employees.

Valuation of vehicle inventory

As disclosed in note 12 to the consolidated annual financial statements R6,7 billion (2014: R6,5 billion) of the Group's inventory is carried at net realisable value.

New vehicle inventory:

A part of the business imports and distributes various brands of new vehicles. The rapid decline of the Rand against other major currencies combined with difficult market conditions has resulted in the erosion of the trading margins of certain imported vehicles. These factors have resulted in a risk of certain vehicles being carried in excess of net realisable value and is considered to be a key audit matter.

Used vehicle inventory:

The Group carries used vehicle inventory of R3,1 billion (2014: R2,9 billion). There is a risk that some vehicle inventory is carried at values higher than net realisable value due to inherent judgement required in estimating future market conditions and selling prices. This is considered to be a key audit matter.

In considering the amount of the write down of new imported vehicles to net realisable value, we compared the current estimated selling price of the vehicle inventory, obtained from the most recent price listing, to the cost of the vehicles on hand. Where vehicles were expected to be sold at values below cost, we ensured that an appropriate provision had been recognised.

In considering the amount of the write down of used vehicles to net realisable value, we assessed the ageing of inventory, inventory levels and estimated selling prices. Where vehicles were expected to be sold at values below cost, we ensured that an appropriate provision had been recognised.

We concurred with management's estimate of the net realisable value write downs and the related disclosure was adequate in terms of the accounting standards.

Key audit matter**Risk in relation to the decentralized operations**

Kendrion is a group with 35 legal entities, grouped in 29 components that are part of two reportable segments. The majority of operations takes place in Germany and the USA.

The decentralized structure, with no activities taking place in the Netherlands, increases the importance of the Company's control environment in order to oversee the remote operations.

In our role as group auditor it is essential that we obtain an appropriate level of understanding of the components.

How the key audit matter was addressed in the audit

We have evaluated the Company's internal controls that address these risks, including centralized monitoring controls at both group and segment level. As a general note, we have identified several internal controls established within the Company, albeit that documentation of some of these controls could be further improved. Compliance with internal controls throughout the Company is monitored through Kendrion In Control ('KIC') procedures conducted by experienced Finance & Control officials, notably at head office level.

During our audit we have specifically focused on risks in relation to the decentralized structure and we have extended our involvement in local audit work performed by the component auditors. We have organized site visits at, and meetings and conference calls with components included in our audit scope.

Pagrindiniai audito dalykai

Svarbu

- Pagrindiniai audito dalykai – nėra sąlyginės auditoriaus išvados substitutas;
- Auditorius neturi pateikti pagrindinio dalyko, jeigu dėl šio yra pateikiama sąlyginė nuomonė.





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