JOINT STOCK COMPANY IN LIQUIDATION

''KURZEMES ATSLĒGA 1''
LV40003044007

ANNUAL REPORT
for year 2020

(AUDITED)

Aizpute
2021

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Information on the Company

Name of the Company	Likvidējamā AS "KURZEMES ATSLĒGA 1"
Legal status of the Company	Joint stock Company
Number, place and date of registration	40003044007 Riga, 29 November 1991 Reregistered in Commercial Register with common registration No 40003044007 on 11 June 2004
Address	Kalvenes iela 27, Aizpute, Aizputes novads, LV-3456 Latvija
Liquidator	Pēteris Frīdmanis (from 30.12.2020)
Names of major shareholders	AS "Kurzemes atslēga" (48.36%) Wiederhold Oliver Kai (17.22%) SIA "Aizputes atslēgas" (15.26%) Others (19.16%)
Names and positions of Board members	Pēteris Frīdenbergs – Chairman of the Board (till 30.12.2020) Aiga Ozola – Member of the Board (till 30.12.2020) Voldemārs Magone – Member of the Board (till 30.12.2020)
Names and positions of the Supervisory Council members	Guntars Stekjānis – Chairman of the Supervisory Council (till 30.12.2020) Irēna Burve – Deputy Chairman of the Supervisory Council (till 30.12.2020) Rolands Līvmanis – Member of the Supervisory Council (till 30.12.2020) Ilgvars Jurjāns – Member of the Supervisory Council (till 30.12.2020) Daiga Lankovska – Member of the Supervisory Council (till 30.12.2020)
Financial year	1 January - 31 December 2020
Name and address of the certified audit company and certified auditor in charge	Revidentu birojs Gatis Sviklis Lāsma Svikle SIA Certified audit company Licence No. 181 Kr. Valdemāra iela 123-15 Rīga, LV-1013 Latvija Certified auditor in charge: Gatis Sviklis Certificate No. 202

Report of the Management

Type of operations

Likvidējamā AS "KURZEMES ATSLĒGA 1" (hereinafter – the Company) is engaged in production of locks and hinges.

Performance of the Company during the year

On 30 December 2020 the Enterprise Register has accepted and approved the initiation of the liquidation process of the Company. The chairman of the board Pēteris Frīdenbergs has been approved as the liquidator of AS "KURZEMES ATSLĒGA 1".
The deadline for creditor claims' submission is 30 April 2021.

AS "KURZEMES ATSLĒGA 1" core activity has not changed during 2020. Locks, ironmongery, furniture items, forgings of metal, building structures, technologic equipment are being produced and galvanizing services are being rendered.

Sales of the production in 2020 were as follows:

- Sales in Latvia – 54.2 %
- Sales in EU – 41.2 %
- export – 4.6 %

Sales of the production in 2019 were as follows:

- Sales in Latvia – 52.5 %
- Sales in EU – 37.7 %
- export – 9.8 %

The average number of employees in 2020 was 69, the average salary in 2020 was 591 EUR. The average number of employees in 2019 was 76 and the average salary in 2019 was 593 EUR. Thus, the average salary as compared to a year before has decreased by 0.3%. The average salary was influenced by downtime in April and May, 2020, due to COVID-19 circumstances.

AS "KURZEMES ATSLĒGA 1" liquidation capital amounts to 1 114 420 EUR, net sales in 2020 amounted to 1 501 275 EUR. As compared to 2019, the net sales in 2020 decreased by 179 432 EUR, which amounts to 10.7% of the sales of 2019.

The financial result of the operations of the Company in 2020 was a loss of 421 888 EUR. As at 31 December 2020 the Company's current assets exceeded it current liabilities by 182 045 EUR and the Company had a positive shareholder's (liquidation) capital of 692 532 EUR. Based on the above and the fact that the Company has incurred losses for a number of years, a decision to liquidate the Company was made. The net sales of the Company have been decreasing year by year, however, the costs of raw materials and salaries have been growing, which does not allow the Company to return to a positive financial result. The Company considers it is not able to compete with large producers of similar goods.

Financial ratios:

Liquidity	
Total liquidity	1.46
Interim liquidity	0.51
Absolute liquidity	0.26
Equity ratios:	
Short-term liabilities / short-term assets	0.69
Net working capital EUR	182 045
Solvency ratios:	
Liabilities / total balance sheet	0.37
Liabilities / equity	0.58

The Company does not have unsettled liabilities towards the state and municipality budgets.

Report of the Management (continued)

Future prospects

The Company is in a state of liquidation therefore the going-concern principle is not applicable in the preparation of these financial statements.

On 18 September 2020 changes in the Company's Artciles of Association were registered. The changes provided for a reduction of the Company's share capital from 1 285 401 EUR to 918 144 EUR. The reason of the decrease of the Company's share capital was the need to cover the accumulated loss from prior years and improve the balance sheet.
1.Approach of the reduction of the share capital.
The Company's share capital was reduced in accordance with the section 262, part 1, subsection 3 of the Commercial law – reduction of the nominal value of share.
2. Amount of reduction of the share capital.
2.1. The share capital before the reduction was 1 285 401 EUR, fully paid.
2.2. The share capital before the reduction was divided into 918 144 shares, 656 356 from which were bearer's shares and 261 788 ordinary shares.
Nominal value of one share was EUR 1,40.
2.3. The Company's share capital was reduced by 367 257 EUR. After the reduction of the share capital, the Company's share capital amounted to 918 144 EUR.
2.4. After the reduction of the share capital, the nominal value of the bearer's shares and ordinary shares was reduced by EUR 0.40, therefore the nominal value of the bearer's shares and the ordinary shares after the reduction was EUR 1,00.
2.5. The amount of the bearer's shares and the ordinary shares was not changed and remains the previous 918 144 shares, 656 356 of which are bearer's shares and 261 788 ordinary shares.
3. Change of shares
3.1. The reduction of the nominal value of the Company's bearer's shares of EUR 1,40 to a nominal value of EUR 1,00 was realized on 12 October 2020.
3.2. The change of the Company's bearer's shares was realized in accordance with the rules of Nasdaq CSD the description of the operations of the financial events services. The change of the ordinary shares was executed Board of the Company by way of preparing a new shareholder register. The change of the bearer's shares and ordinary shares was executed after maturity of the creditors' requests term and after the registeration of the reduction of the share capital with the Enerprise Register of the Republic of Latvia.

Financial risk management

In order to control the financial risks, AS "KURZEMES ATSLĒGA 1" monitors its liquidity and regularly updates its cash-flow forecasts. Active work on cash collection from debtors takes place. Financial resources in the form of credit are being used.

The main financial instruments of the Company are borrowings from the bank, borrowings from other companies and cash. The aim of these financial instruments is to finance the operations of the Company. The Company also has other financial instruments such as trade receivables, trade payables and other creditors arising directly from its operations.

Financial risks
The main financial risks attributable to the Company's financial instruments are the interest rate risk, liquidity risk and the credit risk.

Interest rate risk
The Company is exposed to the interest rate risk mainly in connection with its borrowings from bank and other companies. The borrowings are not material in proportion to the shareholders' equity. Fixed and variable interest rates are applicable to the borrowings.

Liquidity risk
The Company manages its liquidity risk by maintaining sufficient cash resource or by way of using te credit facilities granted by the bank.

Report of the Management (continued)

Currency risk
The Company is subject to foreign exchange risk in relation to the US dollar. In order to control currency risk, the Company plans to purchase the necessary material resources for the currency.

Credit risk
The Company is exposed to credit risk in relation to its customers' debts. The Company controls its credit risk by continuously assessing the debt repayment history of its customers and setting lending rules for each client individually. The Company does not have significant concentration of credit risk for any counterparty or group of eligible counterparties

Material risks and uncertainties
After the end of the reporting year, limitations arrising from the spread of the coronavirus continued to be in place in the Republic of Latvia and in other countries. The development of the situation is not predictable therefore an economic uncertainty prevails. The liquidator of the Company is constantly contemplating the situation. Currently the obeys by all the restrictions set on the country. Since the Company's production is related to machinery, remote work is not possible. There is a visible tendency of falling sales and the debtors' payment discipline is deteriorating. The liquidator of the Company considers that the spread of the coronavirus will have a limited effect on the operations of the Company.

Liquidator's proposals on profit sharing or loss cover
The liquidator proposes to offset the loss of 2020 from the liquidation capital.
The report on compliance with the principles of corporate governance in 2020 is published on the JSC "KURZEMES ATSLĒGA 1" website: **www.ka1.lv** \ akcionāriem.

Pēteris Frīdenbergs
Liquidator

14 April 2021

Statement of Liquidator Responsibility

The liquidator of Likvidējamā AS „KURZEMES ATSLĒGA 1" is responsible for the preparation of the financial statements of the Company.

On the basis of information available to the liquidator of Likvidējamā AS „KURZEMES ATSLĒGA 1", the financial statements are prepared in accordance with the applicable legal framework of the Republic of Latvia and give a true and fair view of the assets, liabilities, financial position, financial result and cash flows of Likvidējamā AS "KURZEMES ATSLĒGA 1". The Report of the Liquidator gives a true information on the Company's development and operating results.

The control procedures on internal risks, risk management and risk control have been managed acording to the internal conrol procedure instructions.

The liquidator of Likvidējamā AS "KURZEMES ATSLĒGA 1" is responsible for obeying the laws of the Republic of Latvia.

Pēteris Frīdenbergs
Liquidator

14 April 2021

Corporate Governance Report

Likvidējamā AS „KURZEMES ATSLĒGA 1" Corporate Governance Report of the year 2020 is prepared according to NASDAQ Riga, AS Corporate governance principles and recommendations on their implementation, issued in 2010. The report is worked out in accordance with the principle "respect or explain".

The report has been prepared by the liquidator of Likvidējamā AS „KURZEMES ATSLĒGA 1".

This report is prepared and submitted to NASDAQ Riga, AS together with Likvidējamā AS "KURZEMES ATSLĒGA 1" audited annual financial report of 2020 and published at the official web site of NASDAQ Riga, AS www.nasdaqbaltic.com.

Pēteris Frīdenbergs
Liquidator

14 April 2021

Statement of Remuneration Report

Likvidējamā AS „KURZEMES ATSLĒGA 1" Remuneration Report of the year 2020 is prepared in accordance with the Financial Instrument Market Law, section 59.4.

The Remuneration Report has been prepared by the liquidator of Likvidējamā AS „KURZEMES ATSLĒGA 1", to be handed to the shareholders meeting.

This report is prepared and submitted to NASDAQ Riga, AS together with Likvidējamā AS "KURZEMES ATSLĒGA 1" audited annual financial report of 2020 and published at the official web site of NASDAQ Riga, AS www.nasdaqbaltic.com.

Pēteris Frīdenbergs
Liquidator

14 April 2021

Profit and loss account for the year ended 31 December 2020

	Note	2020 EUR	2019 EUR
Net sales		1 501 275	1 680 707
Cost of sales	1	(1 768 755)	(1 718 046)
Gross (loss) / profit		**(267 480)**	**(37 339)**
Selling expenses	2	(54 004)	(46 560)
Administrative expenses	3	(80 142)	(87 847)
Other operating income	4	13 785	37 790
Other operating expenses	5	(27 876)	(76 167)
Interest expenses and similar expenses	6	(6 136)	(1 608)
Loss before corporate income tax		**(421 853)**	**(211 731)**
Corporate income tax for the reporting year		(35)	(490)
Current year's loss		**(421 888)**	**(212 221)**
Loss per share		**(0.460)**	**(0.231)**

Notes on pages 15 to 25 form an integral part of these financial statements.

Balance sheet as at 31 December 2020 (1)

	Note	31.12.2020. EUR	31.12.2019. EUR
Assets			
Long-term investments			
Intangible assets:			
Concessions, patents, licenses, trademarks and similar rights		449	608
Total intangible assets:	7	**449**	**608**
Fixed assets:			
Real estate:			
a) Land, buildings and engineering structures		465 514	480 339
Equipment and machinery		33 454	43 384
Other fixed assets		5 248	6 036
Fixed assets under construction		5 822	5 822
Total fixed assets:	8	**510 038**	**535 581**
Total long-term investments:		**510 487**	**536 189**
Current assets			
Inventories:			
Raw materials and consumables		255 285	308 569
Work-in-progress		61 210	253 903
Finished goods and goods for sale		51 167	82 333
Advances for goods receivable		10 841	35 131
Total inventories:	9	**378 503**	**679 936**
Debtors:			
Trade debtors	10	95 104	134 249
Other debtors	11	6 447	11 045
Total debtors:		**101 551**	**145 294**
Cash and bank:	12	**102 089**	**5 169**
Total current assets:		**582 143**	**830 399**
Total assets		**1 092 630**	**1 366 588**

Notes on pages 15 to 25 form an integral part of these financial statements.

Balance sheet as at 31 December 2020 (2)

	Note	31.12.2020. EUR	31.12.2019. EUR
Liabilities and liquidation capital			
Liquidation capital:			
Liquidation capital	13	1 114 420	1 285 401
Reserves:			
other reserves		-	21 000
Previous years' retained earnings		-	20 240
Current year's loss		(421 888)	(212 221)
Total liquidation capital:		**692 532**	**1 114 420**
Short-term creditors:			
Loans from credit institutions	14	-	23 002
Other borrowings	15	192 678	-
Advances from customers	16	9 641	3 033
Trade creditors	17	81 207	108 805
Accounts payable to affiliated companies	18	-	23 544
Taxes and the state compulsory social insurance contributions	19	37 913	25 161
Other creditors	20	28 120	28 675
Accrued liabilities	21	50 539	39 948
Total short-term creditors:		**400 098**	**252 168**
Total creditors:		**400 098**	**252 168**
Total liabilities and liquidation capital		**1 092 630**	**1 366 588**

Notes on pages 15 to 25 form an integral part of these financial statements.

Statement of changes in Liquidaton capital for the year ended 31 December 2020

	liquidation capital EUR	Reserves EUR	Retained earnings/loss EUR	Total EUR
Balance as at 31 December 2018	**1 285 401**	**21 000**	**20 240**	**1 326 641**
Loss for the year	-	-	(212 221)	**(212 221)**
Balance as at 31 December 2019	**1 285 401**	**21 000**	**(191 981)**	**1 114 420**
Reduction of share capital	(367 257)	-	367 257	-
Transfer of retained loss into liquidation capital	175 276	-	(175 276)	-
Transfer of Reserves into liquidation capital	21 000	(21 000)	-	-
Loss for the year	-	-	(421 888)	**(421 888)**
Balance as at 31 December 2020	**1 114 420**	**-**	**(421 888)**	**692 532**

Notes on pages 15 to 25 form an integral part of these financial statements.

Cash flow statement for the year ended 31 December 2020

	Note	2020 EUR	2019 EUR
Cash flows from operating activities			
Profit or loss before taxation		(421 853)	(211 731)
Adjustments for:			
a) Fixed asset depreciation		28 873	32 524
b) Amortization of intangible assets		159	354
c) Interest expense		6 136	1 608
		(386 685)	**(177 245)**
Adjustments for:			
a) Debtors decrease		43 742	60 473
b) Inventories decrease / (increase)		301 433	125 834
c) Trade and other creditors' (decrease) / increase		(21 745)	(10 615)
Cash (used in) / generated from operations		**(63 255)**	**(1 553)**
Interest paid		(6 136)	(1 608)
Corporate income tax paid		(35)	(490)
Net cash (used in) / generated from operations		**(69 426)**	**(3 651)**
Cash flows from investing activities			
Acquisition of intangible assets		(3 330)	(250)
Net cash used in investing activities		**(3 330)**	**(250)**
Cash flows from financing activities			
Borrowings received		169 676	7 126
Net cash generated from / (used in) financing activities		**169 676**	**7 126**
Net increase (decrease) in cash and cash equivalents		**96 920**	**3 225**
Cash and cash equivalents at the beginning of the reporting year		5 169	1 944
Cash and cash equivalentrs at the end of the reporting year		**102 089**	**5 169**

Notes on pages 15 to 25 form an integral part of these financial statements.

Notes
Accounting policies

(a) Information on the Company

The legal address of Likvidējamā AS "KURZEMES ATSLĒGA 1" is Kalvenes iela 27, Aizpute, Aizputes novads, LV-3456. The Company is registered in Commercial Register with common registration number 40003044007. The Company's shareholders are AS "Kurzemes atslēga" (48.36%), Wiederhold Oliver Kai (17.22%), SIA"Aizputes atslēgas" (15.26%) and others (19.16%). The liquidator of the Company is Pēteris Frīdenbergs. The Company's auditor is the certified audit company Revidentu birojs Gatis Sviklis Lāsma Svikle SIA and certified auditor in charge Gatis Sviklis.

(b) Financial statements preparation basis

Till 31 December 2019 the Company prepared the financial statements in accordance with the Law on Accounting and Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia and based on MK rules No. 775 Application rules of Law on Annual Reports and Consolidated Annual Reports, prepared on a going concern basis.

In accordance with section 3, subsection (6) of the Law on Annual Reports and Consolidated Annual Reports, the Company is classified as a large company. The shares of the Company are listed on NASDAQ stock exchange.

Starting from the year ended 31 December 2020 the financial statements are prepared on a liquidation basis. Assets have been valued at the recoverable amounts. Liabilities have been valued based on the amounts needed to settle the liabilities.

The profit and loss account is classified by function of expense.
Cash flow statement is prepared using indirect method.

Based on the fact that the Company is in a state of liquidation, the going-concern principle is not applicable in the preparation of these financial statements. The assets and liabilities of the balance sheet have been valued in accordance with MK Rule No. 775, section 13.2:

- Intangible assets, fixed assets and inventories have been valued based on the expected proceeds from sale of these assets, net of transaction costs;
- Receivables have been vlaued based on amounts the recoverability of which is certain;
- Liabilities and accrued liabilties, as well as the liabilities arrising from liquidation are based on amounts that are agreed with the creditors and that the Company is liable to settle. If the amounts due to creditors are in discpute, the amounts have been valued based on cost in the accounting records;
- Shareholders' equity, except the profit or loss for the current year, is combined under "Liquidation capital". Liquidation capital is comprized of paid-in share capital, adjusted for share issue discount as well as of other reserves and the accumulated loss of the prior years.

(c) Net sales and income recognition

Net sales represent the total of goods and services sold during the year net of discounts and value added tax. Sales of goods are recognised when the customer has accepted the goods in accordance with the goods delivery terms. Sales of services are recognised in the accounting period in which the services are rendered. Dividend income is recognised when the right to receive payment is established.

(d) Currency unit and revaluation of foreign currency

All amounts in these financial statements are expressed in the Latvian official currency - euro (EUR).

Foreign currency transactions have been translated into euro applying the exchange rate valid at the beginning of the day of transaction determined by the conversion procedure between central banks of the European System of Central Banks and other central banks and which is published on the European Central Bank's website.

On the last day of the reporting period all monetary assets and liabilities were translated into euros in accordance with the rates (at the end of the day) published on the European Central Bank's website.

	31.12.2020 EUR	31.12.2019 EUR
1 USD	1.228	1.145

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Notes (continued)
Accounting policies (continued)

(e) Intangible assets and fixed assets

Intangible assets and fixed assets are recorded at historical cost or net of accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the intangible assets and fixed assets. The cost of software licences includes the purchase cost and costs related to their implementation in use.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives using the following rates set by management:

	% per annum
Intangible assets	20
Transmission devices	5
Buildings	2
Technological equipment	10 - 14.3
Other fixtures and fittings, motor vehicles	10 - 20

Where the carrying amount of an intangible or a fixed asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of the fair value less costs to sell and the value in use of the related intangible or fixed asset.

Subsequent costs are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Such costs are depreciated over the remaining useful life of the related asset. When capitalising the cost of mounted spare parts, the carrying value of the part replaced is written off to the profit and loss account.

Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Leasehold improvements are amortised on a straight-line basis over the shorter of the estimated useful life of the leasehold improvement and the term of the lease.

Gains or losses on disposals are determined by comparing carrying amount with proceeds and are charged to the profit and loss account during the period in which they are incurred.

Intangible and fixed assets are classified under Long-term investments when it is certain that the manufacturing will continue at least one year after the last day of the reporting period.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When the net realisable value of inventories is lower than its cost, provisions are created to reduce the value of inventories to its net realisable value.

(g) Accounts receivable

Accounts receivable are recorded in the balance sheet at their amortised cost less provisions for impairment. Provisions for impairment are established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provisions for impairment is the difference between the amortised cost and the recoverable amount. The amount of the provision is recognised in the profit and loss account.

Based on the fact that the Company is in a state of liquidation, in accordance with MK Rule No. 775, section 13.2, Trade receivables are stated at their actual recoverable amount.

(h) Borrowings

Borrowings are recognised initially at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account or in accordance with fixed asset accounting policy capitalised as part of the cost of fixed assets under construction over the period of borrowings.

Notes (continued)
Accounting policies (continued)

(i) Taxation

Corporate income tax for the reporting period is included in the financial statements based on the management's calculations prepared in accordance with Latvian Republic tax legislation.

Corporate income tax is calculated on the basis of distributed profit (20/80 of the net amount payable to shareholders). Corporate tax on distributed profit will be recognized when the shareholders of the Company make a decision about profit distribution.

The Company calculates and pays corporate income tax also for the conditionally distributed profit (20/80 of calculated taxable base), which includes taxable objects in accordance with the Corporate Income Tax law, such as the expenditure not related to economic activity, the doubtful debts of debtors and the loans to the related parties, if they meet criteria provided in the Corporate Income Tax law, as well other expenses exceeding statutory limits for deduction. Corporate income tax for the conditionally distributed profit is recognized in the profit or loss statement in the year for which it is assessed. Corporate income tax for the distributed profit and corporate income tax for the conditionally distributed profit is included in the profit and loss statement line item "Corporate income tax for the reporting year" and disclosed by the components in the notes to the financial statements.

(j) Accrued unused annual leave expenses

Amount of accrual for unused annual leave is determined by multiplying the average daily wage of employees for the last six months of the reporting year by the amount of accrued but unused annual leave at the end of the reporting year.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances of current account with banks and other highly liquid investments with original maturities up to 90 days.

(l) Related parties

Related parties are defined as Company's shareholders, members of the Executive Board and Supervisory Board, their close relatives and companies in which they have a significant influence or control.

Notes (continued)

(1) Cost of sales

	2020 EUR	2019 EUR
Materials and spare parts	702 874	841 031
Salaries	426 942	470 394
State compulsory social insurance contributions	101 017	111 656
Electroenergy costs	80 843	91 077
Depreciation	28 873	32 377
Amortization	159	354
Low value inventory	420	301
Depreciation of own punches	62 310	11 141
Customs tax	735	2 452
External services received	55 009	13 689
Work safety expenses	11 998	12 642
Accrued vacations	4 872	953
Real estate tax	5 304	5 304
Other expenses	45 642	72 789
Expenses total	**1 526 998**	**1 666 160**
Accruals for slow moving and obsolete raw materials	17 899	-
Changes in work-in-prcess	192 692	50 890
Change in goods for sale	31 166	996
	1 768 755	**1 718 046**

(2) Selling expenses

Salaries	6 057	6 577
State compulsory social insurance contributions	1 826	1 832
Selling services	22 060	20 423
Transportation expenses	21 395	17 584
Other expenses	2 666	144
	54 004	**46 560**

(3) Administrative expenses

Salaries	54 800	62 294
State compulsory social insurance contributions	13 025	14 840
Communication expenses	1 455	1 787
Office expenses	5 836	3 746
Audit expenses	3 500	4 000
Bank services	1 526	1 180
	80 142	**87 847**

(4) Other operating income

Sales of other assets	12 823	35 149
Financing frm ESF	527	2 641
Other income	435	-
	13 785	**37 790**

Notes (continued)

(5) Other operating expenses

	2020 EUR	2019 EUR
Foreign exchange loss	642	394
Cost of sold materials	7 147	17 682
Compensation of damage to health	16 396	16 011
Social expenditure	1 143	1 420
Non-business expenses	213	313
Debtor write-offs	-	1 229
Accruals for doubtful debtors	2 083	38 136
Other expenses	252	982
	27 876	**76 167**

(6) Interest expenses and similar expenses

Interest expenses	5 865	1 527
Penalties	271	81
	6 136	**1 608**

(7) Intangible assets

	Concessions, patents, licenses, trademarks nd similar rights EUR	Total EUR
Cost		
31.12.2019.	6 674	**6 674**
Additions	-	-
31.12.2020.	**6 674**	**6 674**
Amortization		
31.12.2019.	(6 066)	**(6 066)**
Amortization for 2020	(159)	**(159)**
31.12.2020.	**(6 225)**	**(6 225)**
Net book value 31.12.2019.	**608**	**608**
Net book value 31.12.2020.	**449**	**449**

Notes (continued)

(8) Fixed assets

	Land, buildings and engineering structures	Equipment and machinery	Other fixed assets	Fixed assets under construction	Total
	EUR	EUR	EUR	EUR	EUR
Cost					
31.12.2019.	1 012 277	1 063 337	115 832	5 822	**2 179 268**
Additions	-	2 500	830	-	**3 330**
Disposals	-	(26 672)	(6 978)	-	**(33 650)**
31.12.2020.	**1 012 277**	**1 039 165**	**109 684**	**5 822**	**2 166 948**
Depreciation					
31.12.2019.	(531 938)	(1 019 953)	(109 796)	-	**(1 661 687)**
Depreciation for 2020	(14 825)	(12 430)	(1 618)	-	**(28 873)**
Disposed	-	26 672	6 978	-	**33 650**
31.12.2020.	**(546 763)**	**(1 005 711)**	**(104 436)**	**-**	**(1 656 910)**
Net book value 31.12.2019.	**480 339**	**43 384**	**6 036**	**5 822**	**535 581**
Net book value 31.12.2020.	**465 514**	**33 454**	**5 248**	**5 822**	**510 038**

(9) Inventories

	31.12.2020. EUR	31.12.2019. EUR
Materials	155 261	119 991
Low value inventory	13 350	21 695
Punches and presforms	104 573	166 883
Work-in-process	122 421	253 903
Goods for sale	51 167	82 333
Advances for inventories	10 841	35 131
Provisions for inventory	(79 110)	-
	378 503	**679 936**

(10) Trade debtors

Customers' debts	134 912	189 555
Accruals for bad and doubtful debtors	(39 808)	(55 306)
	95 104	**134 249**

Notes (continued)

(10) Trade debtors (continued)
Accruals for bad and doubtful debtors

	Customers' debts EUR	Total EUR
31 December 2019	55 306	**55 306**
Decrease	(17 580)	**(17 580)**
Increase	2 082	**2 082**
31 December 2020	**39 808**	**39 808**

(11) Other debtors

	31.12.2020. EUR	31.12.2019. EUR
Expense reports of personnel	52	52
Utility services	378	42
Other debtors	6 017	10 951
	6 447	**11 045**

(12) Cash and bank

	31.12.2020. EUR	31.12.2019. EUR
Cash at bank	100 916	4 377
Cash a hand	1 173	792
	102 089	**5 169**

(13) Liquidation capital

As at 31 december 2019 the Company's share capital amounted to 1 285 401 EUR and it consisted of 918 144 shares with a nominal value of EUR 1.40 per share.
The Company's share capital was decreased on 12 October 2020 by decreasing the nominal value of each share from EUR 1.40 to EUR 1.00. The Company's share capital amounts to 918 144 EUR as of 31 December 2020 and it consists of 918 144 shares. The nominal value of each share is 1.00 EUR.

	31.12.2020			31.12.2019		
	% from share capital	Amount of sares	EUR	% from share capital	Amount of shares	EUR
Bearer shares – public	71.5%	656 356	656 356	71.5%	656 356	918 898
Closed-issue shares (ordinary shares with volting rights)	28.5%	261 788	261 788	28.5%	261 788	366 503
	100%	**918 144**	**918 144**	**100%**	**918 144**	**1 285 401**

Shareholders as of 31 December 2020 and their positions	Position in Company	% from share capital
AS"Kurzemes atslēga"	Shareholder	48.36%
Olivers Wiederholds	Shareholder	17.22%
SIA "Aizputes atslēgas"	Shareholder	15.26%
Other shareholders	Shareholder	19.12%
Citi akcionāri	Shareholder	0.04%
Pēteris Frīdenbergs	Total	100%

Other former members of the Board and the Supervisory Board do not possess the shares of the Company.

Notes (continued)

(13) Liquidation capital (continued)
Information pursuant to the requirements set out in Financial Instrument Market Law section 56.[1] - information to be additionally included in the financial statements:

Regulatory requirements	**Compliance**
Information on the capital structure, share categories, the rights and obligations arising from each category of the shares and the percentage of the share capital, by specifying separately the number of the shares which are not included in regulated markets	Total amount of issued shares are 914 144. 656 356 are bearer' shares, which are circulated in the regular market. 261 788 are registered ordinary shares with voting rights.
Details on the restrictions applicable to share transfers or the need to get the consent of the Company or other shareholders for the alienation of the shares	None
Persons who have directly or indirectly acquired a substantial holding in the Company, as well as their interests	AS "Kurzemes atslēga" 48,36%
Shareholders who have special control rights; description of the rights	None
The manner in which the Company will use the voting rights arising from the shares of employees if they are not used by employees themselves	Such category of shares does not exist
Voting limitations in case of the maximum voting rights are set, independently of the amount of voting shares owned, as well as the shareholder rights to share of profit, which is not related to the shares directly proportionally owned by them and other similar limitations	None
Shareholders' agreement, which is known to the Company and can result in restrictions on the transfer of the shareholders' equity or voting rights to other persons, including the terms and conditions providing for a prior approval of such transfer	None
Terms governing the election of Board members, changes in the composition of the Board and amendments of Articles of Association	In accordance with the Articles of Association and legislative requirements.
The authority of the members of the board, including the authority to issue or to repurchase shares	The authority of the members of the board is determined in the Commercial Law. The members of the Board are not authorised to issue or to repurchase shares without the authorisation of the shareholders' meeting.
All significant agreements and contracts, concluded by the Company under which in the case of change of the control they will become effective, the term of which will expire or which will be modified, as well as the effect of their entry into force, termination or amendment	None
All agreements between the Company and its members of the board, providing for the payment of compensation in the event of the loss of the office, when they are dismissed without sufficient case or when they are dismissed after expressing the offer to repurchase the shares.	None

(14) Loans from credit institutions

	31.12.2020. EUR	**31.12.2019. EUR**
Borrowing from AS Luminor (credit line):		
- short-term part – repayable within 1 year	-	23 002
	-	**23 002**

The credit-line agreement amounting to EUR 47 000 with AS Luminor bank expired on 22 August 2020.

Notes (continued)

(15) Other borrowings

	31.12.2020. EUR	31.12.2019. EUR
Borrowing from SIA "Gutta"	104 212	-
AS "Kurzemes atslēga"	25 104	-
SIA "Aizputes atslēgas"	63 362	-
	192 678	**-**

(16) Advances from customers

Latvian customers	9 641	2 933
Foreign customers	-	100
	9 641	**3 033**

(17) Trade creditors

Latvian creditors	59 958	93 996
Foreign creditors	21 249	14 809
	81 207	**108 805**

(18) Accounts payable to affiliated companies

AS "Kurzemes atslēga"	-	23 544
	-	**23 544**

(19) Taxes and the state compulsory social insurance contributions

Corporate income tax	-	18
Value added tax	17 226	2 934
State compulsory social insurance contributions	15 405	16 283
Personal income tax	4 826	5 615
Natural resource tax	429	280
State risk duty	27	31
	37 913	**25 161**

(20) Other creditors

Salaries	25 425	26 920
Damage to health liability	1 358	1 323
Other creditors	1 337	432
	28 120	**28 675**

(21) Accrued liabilities

Accrued unused annual leave expenses	33 814	28 942
Accrued liabilities towards suppliers	16 725	11 006
	50 539	**39 948**

(22) Average amount of employees

	2020	2019
Members of the Board	3	3
Members of the Supervisory Council	5	5
Other employees	61	68
	69	**76**

Notes (continued)

(23) Management remuneration

	2020 EUR	2019 EUR
Members of the Board		
· salary	11 192	11 070
· state compulsory social insurance contributions	2 552	2 520
	13 744	**13 590**
Members of the Supervisory Council		
· salary	7 798	8 892
· state compulsory social insurance contributions	1 879	2 142
	9 677	**11 034**

(24) Related party transactions

The related parties of the Company are AS "Kurzemes atslēga" and Liepājas rajona SIA "Gutta ".

The Company engaged in the following transactions with related parties:

(a) Sale of gods and rendering of services

	2020 EUR	2019 EUR
Sale of goods:		
- Liepājas rajona SIA firma "Gutta"	6 224	31 318
-AS "Kurzemes atslēga"	1 740	-
Rendering of services:		
- AS "Kurzemes atslēga"	60	120
- Liepājas rajona SIA firma "Gutta"	3 718	3 418
	11 742	**34 856**

(b) Purchase of goods and services

Purchase of goods:		
- AS "Kurzemes atslēga"	124 050	152 409
- Liepājas rajona SIA firma "Gutta"	1 329	3 391
Purchase of services:		
- AS "Kurzemes atslēga"	2 220	2 212
- Liepājas rajona SIA firma "Gutta"	316	1 610
	127 915	**159 622**

(a) Debtors arising from transactions with related parties

	31.12.2020. EUR	31.12.2019. EUR
Liepājas rajona SIA firma "Gutta"	1 399	-
Asciētās sabiedrības	529	120
	1 928	**120**

(b) Creditors arising from transactions with related parties

Associated companies	-	23 544
	-	**23 544**

Notes (continued)

(25) Proposal of loss coverage

The liquidator proposes to cover the loss of 2020 from the liquidation capital.

(26) Remuneration of auditor

	2020 EUR	2019 EUR
Audit o financial statements	3 500	4 000
	3 500	4 000

(27) Subsequent events

The Company is undergoing liquidation. The deadline for creditor claims' submission is 30 April 2021.

Except for the above, there are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at 31 December 2020.

The Annual Report was prepared by the chief accountant Irēna Burve.

The Financial statements set out on pages 10 to 25 were signed on 14 April 2021 by:

Pēteris Frīdenbergs
Liquidator

Irēna Burve
Chief accountant