

**2020 Transparency Report**

Deloitte DOO Skopje

31 March 2021

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# Deloitte DOO Skopje leadership message<sup>1</sup>

This report sets out the practices and processes that are currently employed by the Company for audit, consulting and tax services Deloitte DOO Skopje (hereinafter: the "Company"), in accordance with the requirements of the provisions of the Law on Audit (Official Gazette of the Republic of North Macedonia no. 158/10, 135/11, 188/13, 43/14, 138/14, 145/15, 192/15, 23/16 and 83/18).

All information provided in this report relates to the situation of the Company on 31 December 2020, except if indicated otherwise.

In accordance with the Law on Audit (Official Gazette of the Republic of North Macedonia no. 158/10, 135/11, 188/13, 43/14, 138/14, 145/15, 192/15, 23/16 and 83/18) the Company declares that:

- it implements an effective internal quality control system through internal quality control policies and procedures as the basis for engagement planning and performing.
- it regularly performs independence compliance checks related to the Company's independence practices and independence of the Company's staff in relation to audit clients and audit engagements and confirms that a regular internal review of independence compliance has been conducted.
- the licensed certified auditors attended professional continual education.



  
Aleksandar Arizanov, Director  
Deloitte DOO Skopje  
31 March 2021



<sup>1</sup> Throughout this report, the terms "Deloitte, we, us, and our" refer to one or more of one or more of Deloitte Touche Tohmatsu Limited, its network of member firms, and their related entities. For more information about the Deloitte network, please see p. 3 or <https://www2.deloitte.com/global/en/pages/about-deloitte/articles/about-the-network.html>



# Deloitte network

## Deloitte North Macedonia: legal structure and ownership<sup>2</sup>

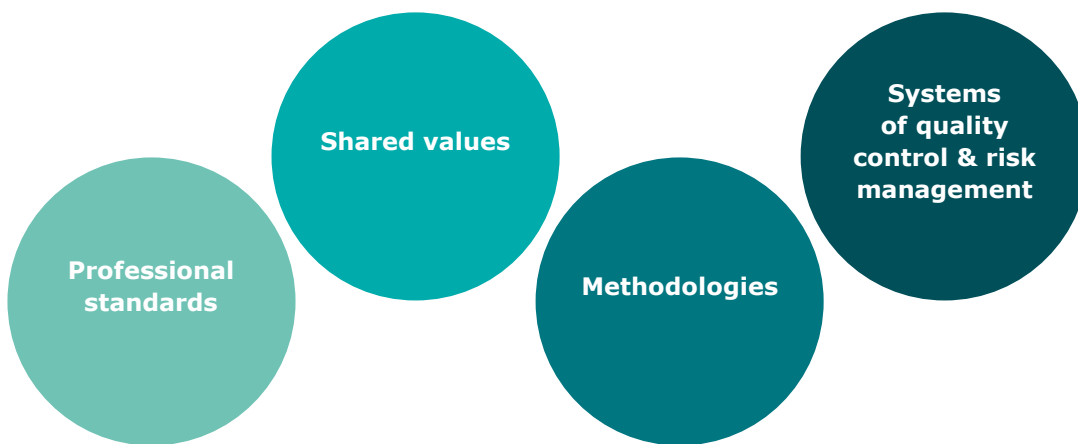
Deloitte DOO Skopje is connected to the Deloitte network through Deloitte Central Europe Holdings Limited, a member firm of Deloitte Touche Tohmatsu Limited. Deloitte Central Europe, together with Deloitte France, Deloitte Germany, Deloitte Luxembourg and Deloitte Austria is a shareholder in Deloitte DCE GmbH (“DCE”), which is as well a member firm of Deloitte Touche Tohmatsu Limited. The object of DCE is the fostering of the collaboration among its shareholders as members of the global Deloitte network. DCE neither provides any professional services nor engages in commercial activities.

Deloitte DOO Skopje is referred to throughout this report as “Deloitte North Macedonia”. Deloitte Central Europe, as an organization of entities organized under the umbrella of Deloitte Central Europe Holdings Limited is referred to throughout this report as “Deloitte Central Europe”. Deloitte Central Europe Holdings Limited holds practice rights to provide professional services using the “Deloitte” name which it extends to Deloitte entities within its territory (Deloitte Central Europe), including Deloitte North Macedonia. Deloitte North Macedonia is authorized to serve as an auditor for clients in North Macedonia.

## Network description

### The Deloitte network

The Deloitte network is a globally connected network of member firms and their affiliates operating in more than 150 countries and territories across the world. These separate and independent member firms operate under a common brand.



### Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)

Deloitte Touche Tohmatsu Limited is a UK private company limited by guarantee incorporated in England and Wales. DTTL serves a coordinating role for its member firms and their affiliates by requiring adherence to policies and protocols with the objective of promoting a consistently high level of quality, professional conduct and service across the Deloitte network. DTTL does not provide professional services to clients, or direct, manage, control or own any interest in any member firm or any member firm’s affiliated entities.

“Deloitte” is the brand under which approximately 312,000 dedicated professionals in independent firms throughout the world collaborate to provide audit & assurance, consulting, financial advisory, risk advisory, tax and related services to select clients. These firms are members of DTTL. DTTL, these member firms and each of their respective related entities form the “Deloitte organization”. Each DTTL member firm and/or its related entities provides services in

<sup>2</sup> Article 13 of Reg. 537/2014 requires: EU transparency reporting requirement: description of the legal structure and ownership of the audit firm.



particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its respective territories through related entities. Not every DTTL member firm or its related entities provides all services, and certain services may not be available to attest clients under the rules and regulations of public accounting. DTTL, and each DTTL member firm and each of its related entities, are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm, and their respective related entities, are liable only for their own acts and omissions, and not those of each other. The Deloitte organization is a global network of independent firms and not a partnership or a single firm. DTTL does not provide services to clients.

### Deloitte North Macedonia: governance – leadership in action<sup>3</sup>

Deloitte North Macedonia operates as a limited liability company, established under North Macedonia law, with registered office at Partizanski Odredi 15A, 1000 Skopje and registration number 4881427.

Deloitte North Macedonia Management is responsible for the governance and oversight of the Audit & Assurance practice. Specific responsibilities include: approving local audit and assurance business strategy and approving the financial aspects of local business plans.

The following are the founders and owners of equity interests in Deloitte North Macedonia:

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#### Deloitte North Macedonia – Governing Board

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**Deloitte Central Europe Holdings Limited**, with its registered address at Lampousas 1, P.C. 1095, Nicosia, Cyprus – holding a 24% equity interest (3,888 EUR);

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**Deloitte d.o.o. Beograd**, with its registered address at Terazije 8, Belgrade, Republic of Serbia – holding a 25% equity interest (4,050 EUR);

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**Aleksandar Arizanov**, Certified Auditor from Skopje – holding a 51% equity interest (8,262 EUR);

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Priority activity: Accounting, bookkeeping and audit activities, tax consulting (Code: 69.20)

#### Annual Responsibility Insurance in accordance with the Law on Audit:

**Issued by:** Eurolink Insurance AD

**Minimal amount of coverage:** 24.600.000 MKD

**Policy no.:** 130310002371/00

**Period of insurance:** 01.02.2021 – 01.02.2022

#### Number of employees:

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**Number of employees in accordance with the Labor Law as of 31.12.2020**

19 full time employees on indefinite time period
5 full time employees on definite time period

**Number of employees on the date of submission of the Report (31.03.2021)**

17 full time employees on indefinite time period
6 full time employees on definite time period

The Company for audit, consulting and tax services Deloitte DOO Skopje with its registered address at Partizanski Odredi 15A, was founded on July 8th, 1994 and entered into the Central Register of Republic of North Macedonia under no. 4881427. The Company is also registered in the Institute of Certified Auditors of Republic of North Macedonia under no. DR011 and has a license issued by the Council for Advancement and Oversight of the audit of the Republic of North Macedonia no. 09 from 02 July 2013. The Company’s legal form is that of a limited liability company.

The Company for audit, consulting and tax services Deloitte DOO Skopje is a company registered and authorized to perform audits of financial statements in the Republic of North Macedonia. The Company was entered in the Auditing Company Register maintained by the Republic of North Macedonia Ministry of Finance and was issued an operating license no. 09-32635/1 from 28.01.2005.

In accordance with the provisions of the Company Law in Republic of North Macedonia, the Company is governed by the Assembly comprised of all Company members.

The Company has two directors: Darko Stanisavic and Aleksandar Arizanov.

In all of their activities, Deloitte North Macedonia senior leaders are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements. Deloitte North Macedonia strategy is developed in alignment with the overall strategic direction established for the Deloitte network.

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<sup>3</sup> Article 13 of Reg. 537/2014 requires: EU transparency reporting requirement: a description of the governance structure of the audit firm.

## Our purpose and commitment: instilling trust and confidence

At Deloitte North Macedonia, our purpose is to make an impact that matters. For Audit & Assurance, this means a focus on delivering independent high quality audits and instilling confidence and trust in the capital markets through the services we deliver. This requires us to continuously build capabilities to support the delivery of high quality audits and make leading contributions to shaping the future of the audit profession.



# What Deloitte Audit & Assurance brings to capital markets

## Audit & Assurance Transformation

Being a relevant profession of the future and a sustainable practice that evolves with the pace of change in technology and society is critical. Driving this goal is the Deloitte Audit & Assurance Transformation initiative, which is currently being developed and deployed by Deloitte North Macedonia.

Audit & Assurance Transformation is an important shift across the network in the way Deloitte professionals work and includes:

The Deloitte Way: standardization of audit processes supported by our technology suite	Real-time audit quality monitoring
Enhanced talent model which includes learning, rewards and recognition, centers of excellence, and delivery centers	Agile deployment of tools and technologies to respond to changing environments

## Audit engagement acceptance and continuance

Deloitte North Macedonia has detailed policies and procedures in place for accepting prospective clients and engagements and assessing engagement risk. These policies and procedures are designed with the objective that Deloitte North Macedonia only accepts engagements where it:

- Is able to perform the engagement and has the capabilities, including time and resources, to do so.
- Can comply with all relevant ethical requirements and professional standards, including independence and conflicts of interest assessments and considerations.
- Considered the integrity of the potential client's management team.





## Audit innovation<sup>4</sup>

With The Deloitte Way, Deloitte is bringing innovation into the core of how we audit: with automation that improves routine tasks, analytics that yield a deeper and more insightful view into the data, and artificial intelligence that enhances human discovery and problem-solving. As a result, clients get an experience that is less burdensome, with more transparency and deeper insight.

Innovation is an expectation in today's fast-changing business environment, and this expectation holds true for the audit profession as well. Today's complex business environment requires that the audit be dynamic, multidimensional, and insightful. There is a demand for real-time, relevant information, and clients expect audits to evolve as they innovate their businesses and processes. While traditional procedures still have a place in auditing, Deloitte North Macedonia auditors are enhancing procedures by making more use of technology-based analytics, Artificial Intelligence (AI), cognitive & cloud-based technologies, etc. This is due in part to the increased automation and effectiveness such data analytics and other tools may provide, but also the need for Deloitte North Macedonia to stay in front of technological advances used by the entities that we audit.

Innovation is an integral part of the entire audit delivery process.

Deloitte is committed to the continued investment in emerging technologies and diversity of thought that enables the delivery of enhanced quality, insights, and value to our clients and the markets. This includes Illumia, our analytics platform, as well as an integrated suite of enabling innovation tools all connected in the cloud. We are also developing our next-generation cloud-based audit delivery platform – Omnia – in addition to Levvia, a solution to support our very small audits.

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<sup>4</sup> For more information about Deloitte audit innovation, please refer to Deloitte [Global Impact Report](#).



### Coronavirus disease 2019 (COVID-19)

Deloitte's highest priority is the safety and well-being of its professionals. As the impact of COVID-19 unfolds, investors and stakeholders are looking to auditors to provide an independent opinion on companies' financial statements more than ever. Deloitte remains committed to this critical role and delivering the highest quality audits.

Deloitte North Macedonia management and auditors alike are affected by restrictions on travel and requirements to stay at home. With travel restrictions affecting entities' personnel and auditors, companies may obtain information in new or different ways. In addition, Deloitte North Macedonia management is faced with significant uncertainty in making judgments to project future operating results and cash flows, going concern, and developing valuation analysis, etc. The financial reporting process likely requires careful analysis and further considerations of impact from management and auditors given the current environment.

All stakeholders of the financial reporting ecosystem must exercise significant judgment in this unprecedented and uncertain environment—governments, when projecting the length of closures; bankers, when deciding if a loan can be repaid in full; management, when evaluating if a company can continue operating as a going concern and audit committees providing oversight of management; auditors, when assessing these judgments; and investors, when analyzing the available financial information in light of these unprecedented uncertainties.

Although the existing accounting frameworks have provisions for uncertainties, it is important for financial statement users and regulators to expect a higher degree of market and economic volatility in the near future.

Deloitte welcomes the public statements and guidance issued by regulators that recognize the current uncertainties and emphasize the importance of high-quality, forward-looking corporate disclosures. Importantly, some regulators have conveyed that good faith attempts to provide investors and other market participants with appropriately framed forward-looking information will not be second-guessed. Deloitte seeks to raise awareness about the areas that pose challenges and require more scrutiny, context-specific judgment, and increased skepticism and documentation. There is benefit to the public for greater transparency from various financial reporting ecosystem stakeholders raising awareness about these issues. This includes providing more clarity on the responsibilities of management, audit committees, companies, auditors, regulators, and other stakeholders.

Deloitte's technology and infrastructure has allowed for an agile and rapid response to the various impacts of COVID-19. We have prepared for various contingencies in order to support changing client needs and to keep Deloitte North Macedonia professionals informed while working remotely. Deloitte North Macedonia's business continuity plans have been updated and we have affirmed that Audit & Assurance products and solutions have the necessary bandwidth to ensure continuity. We have launched the Deloitte Global Audit & Assurance Technical Delivery Resource Center—a central location for globally relevant and locally adaptable Audit & Assurance COVID-19 related resources. In addition, COVID-19 industry disclosures have been added to the Disclosure Analytics tool to provide example disclosures across several areas, including risk factors, subsequent events, and management's discussion and analysis.



## Multidisciplinary model (MDM)

MDM is an important contributor to high-quality audits. Auditors increasingly use the work of specialists in a number of areas, including to assist in their evaluation of accounting estimates and fair value measurements when auditing companies' financial statements that are increasingly complex as a result of COVID-19. Further, as big data utilization becomes more pervasive in line with other digital advances, the demand for data analysts and IT specialists will grow accordingly. Among the benefits of the MDM are:

- It is possible to develop industry insights through multiple lenses, which enhances auditors' understanding of business risks relevant to conducting audits.
- The audit practice has immediate access to specialized resources and expertise in other business lines. It promotes audit quality because auditors can tap the expertise of advisory professionals who are skilled in subjects that may not be native to auditors.
- A diverse organization helps attract and retain premier talent.
- Intellectual capital is available within the network to innovate audit processes, technologies, etc.
- Different parts of our business grow at different rates during different time periods in different markets. Our MDM provides a hedge against market volatility that is important to long-term viability of the network and makes significant investments in audit quality and innovation possible, even in times of financial pressures on the audit business.

Deloitte's response to COVID-19 demonstrates both resiliency in putting audit quality and the public interest first which is further supported by the significant benefits of the MDM. Negative quality events have the potential to impact the Deloitte brand as a whole. As such, each non-audit Deloitte North Macedonia business has a shared and vested interest in supporting audit quality initiatives.



## The organizational capabilities we build

Deloitte culture and the design of our learning programs place our people at the forefront. Deloitte professionals are technically proficient with high levels of ethics, integrity, professional skepticism, and objectivity, and are continuously enhancing their skillset and experience.

Deloitte professionals bring diverse backgrounds, knowledge, and skillsets that enhance our capability as an organization in delivering the highest quality audits.

In addition, operational discipline, effective management of our business, and the development of a singular approach to doing audits known as The Deloitte Way, provide the foundation for our commitment to bring consistency to our audits.

We are driving a sustainable audit and assurance business that recognizes and rewards its people and funds ongoing investment in our business.



## Learning and development initiatives

Central to the Audit & Assurance Transformation initiative are various enhancements to the Deloitte talent and learning experience:

Deloitte's transformed approach to audit delivery is enabling our professionals to use more advanced analytics, apply the latest tools, technologies and more critical thinking, spend more time applying professional judgment, and gain a deeper understanding of a client's business and industry—all contributing to enhanced audit quality and an improved experience for our people.

Deloitte has made substantial investments in our talent and learning strategies and transformed our technical audit curriculum to build the proficiency required by level:

At the core, we have a single mandatory audit technical learning curriculum for auditors, targeting learners by level, using a dynamic blend of live instructor-led, and digital on-demand courses and on-the-job activities.

All registered auditors in the Company maintain their continuous professional qualification through a mixture of internal courses as well as educational courses organized by the Institute of Certified Auditors of Republic of North Macedonia.

The continuing education program is comprised of both within Deloitte North Macedonia agreed training sessions as well as external training. Certain courses are mandatory and others are optional, such that each auditor or trainee auditor can personalize their learning program.

In accordance with the Law on Audit (Official Gazette of the Republic of North Macedonia no. 158/10, 135/11, 188/13, 43/14, 138/14, 145/15, 192/15, 23/16 and 83/18), it is mandatory for the Certified Auditors to attend training sessions of at least 120 hours for a period of three years, i.e. at least 30 hours a year as part of continual professional education for the purpose of improving their knowledge of accounting and auditing. The training sessions are organized by the Institute of Certified Auditors of Republic of North Macedonia.

Deloitte has also established specific learning opportunities for specialists working on audit engagements to support their knowledge and understanding of the audit process. Enhanced project management, a key capability for executing audit engagements, has been included in annual development programs. The objective of the Deloitte North Macedonia professional development program is to help partners and other professionals maintain and enhance their professional competence and ensure consistency of audit

execution. To supplement on-the-job development, Deloitte North Macedonia provides formal continuing professional development programs in relevant subject areas consistent with the Deloitte North Macedonia Audit Curriculum.

During the first years, most training is comprised of mandatory courses on technical topics including audit methodologies and processes but afterwards the optional part increases given that individual needs become more diverse. An individual learning program is required as from approximately four years' experience.

Through an automated monitoring system it is possible to check the status of internal and external courses followed by an individual auditor. Continuing education is also a factor taken into account for the yearly evaluation of audit staff and the assessment of their growth potential.

The Company declares that the licensed certified auditors attended professional continual education in accordance with the Law on Audit of RM (Official Gazette of the Republic of North Macedonia no. 158/10, 135/11, 188/13, 43/14, 138/14, 145/15, 192/15, 23/16 and 83/18)

## Deloitte University

Deloitte actively cultivates the collective knowledge and skills of Deloitte professionals globally through continued investment in Deloitte Universities (DU). These are state-of-the-art learning and development centers focused on Deloitte culture, and rooted in the principles of connectedness and leadership in a highly inclusive learning environment<sup>[2]</sup>.



## Partner remuneration

Execution of high quality audits is expected from all professionals and is embedded across the Deloitte network. Audit quality is recognized through reward and recognition programs and is built into performance standards at every level, against which professionals' overall evaluations are measured.

Deloitte North Macedonia's partners are evaluated on a [yearly] basis, and depending on the outcome of the evaluation, the remuneration of partners may increase or decrease. Specifically, partner evaluations take the following factors into account: quality, expertise, integrity, professionalism, entrepreneurship, independence and compliance.

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<sup>[2]</sup> For more information about Deloitte Universities, please refer to Deloitte [Global Impact Report](#).



## The high quality audits we deliver

The experience of a high-quality audit, delivered well, will provide the audit committees, investors, and other stakeholders of the companies with (but not limited to):

- An audit report that is appropriate to the circumstances.
- Innovation in how we do the audit.
- More insights about their company than they had at the outset of the process.



# External and internal audit quality monitoring

## **Audit Quality Monitoring & Measurement**

A continued focus on audit quality is of key importance to the Deloitte brand. It is critical that a Deloitte audit is consistently executed and of high quality, wherever in the world it is performed.

The objectives of the Audit Quality Monitoring & Measurement (AQMM) program are to:

- Transform the way audit quality is monitored and measured and audit deficiencies are resolved; and
- Enhance the internal system of quality control which all Deloitte network firms follow

The AQMM program is focused on driving:

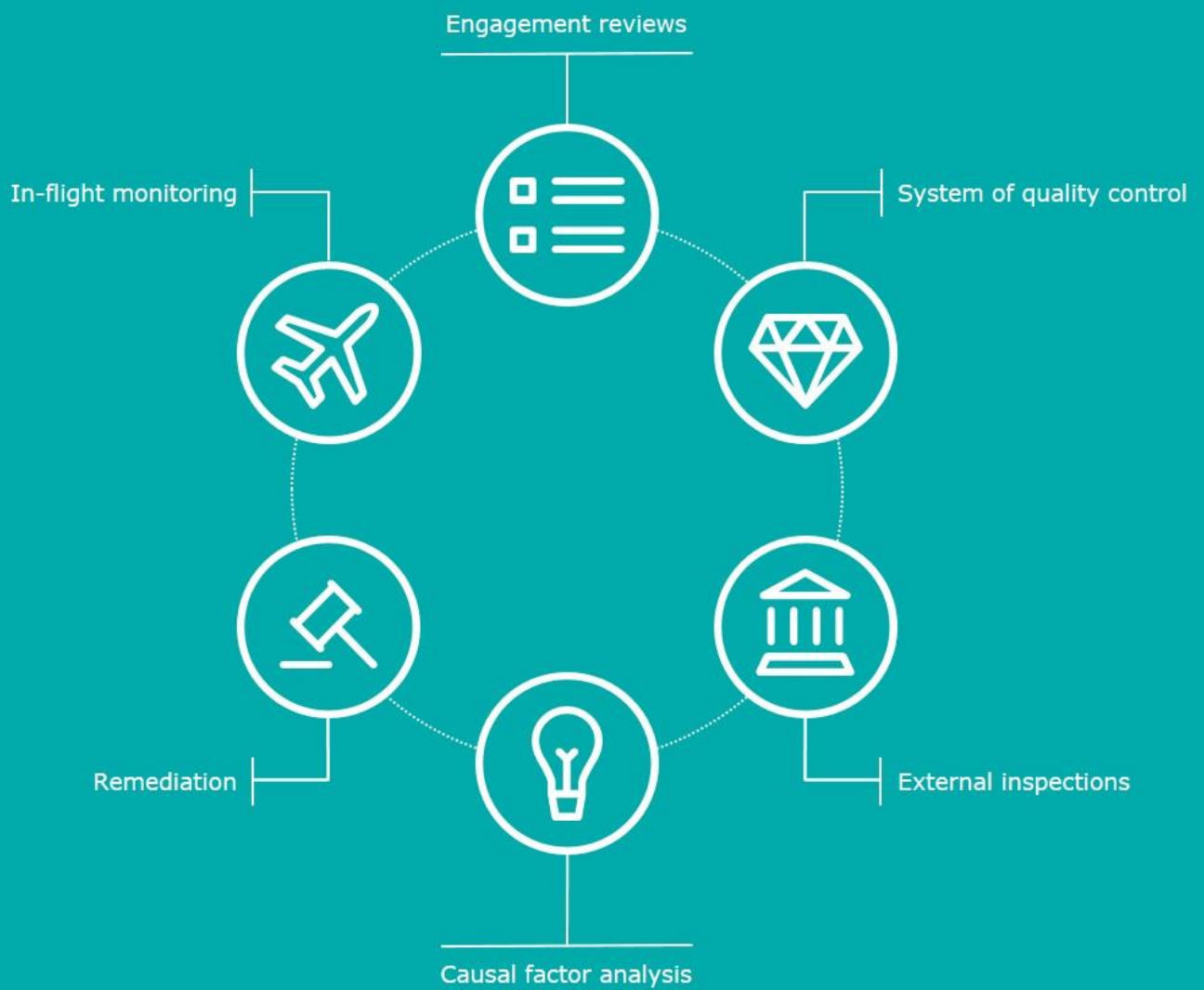
- Continuous, consistent, and robust monitoring of completed and in-flight engagements
- Fundamental understanding of deficiencies and timely execution of corrective actions by all member firms consistently
- Greater transparency and consistency in reporting key measures of audit quality

Deloitte North Macedonia maintains policies and procedures to promote an internal culture based on the recognition that quality is the number one priority. Deloitte North Macedonia focuses on professional excellence as the foundation for achieving audit quality on a consistent basis.





# Audit Quality Monitoring & Measurement



### In-flight monitoring

Continuous audit quality monitoring by Deloitte North Macedonia drives a faster response to audit issues on “in-flight” engagements, driving identification, timely solutions, and real time corrective actions achieved by:

- Deployment and monitoring of a series of core Diagnostics, enabling engagement partners and teams, as well as Deloitte North Macedonia audit quality leader(s) to continuously monitor audit quality and take immediate action.
- A program of subject matter specific “health checks” to assist Deloitte North Macedonia audit quality leader(s) in assessing progress and identifying potential issues on in-flight engagements.

### Engagement reviews

Key components of engagement reviews (internal practice reviews) include:

- Risk-based engagement selection and consideration of all major industries served by Deloitte North Macedonia.
- Mandatory moderation panel to drive consistency in findings and engagement ratings.
- External partners and deputies who oversee practice reviews to increase consistency.
- Identifying appropriate resources (from within Deloitte North Macedonia as well as from other Deloitte geographies) with the right experience and industry expertise, including establishing central review teams.

### System of quality control (SQC)

SQC includes numerous elements such as documenting key areas of the SQC processes and controls and performing procedures for testing the operating effectiveness of the SQC, including execution of a comprehensive SQC review program.

Used in conjunction with other metrics, Audit Quality Indicators (AQIs) further assist Deloitte North Macedonia in developing and monitoring audit quality action plans and reporting on the progress in its audit quality journey. AQIs are integrated with ongoing AQMM activities.

In addition, proper timing and sequencing of audit activities, including timely reviews of work performed and the resolution of matters identified, are closely associated with high quality audits. Audit Quality Milestones are intended to drive consistency of engagement teams in project management, timing of when work is done, and necessary focus on engagement staffing, including sufficiency and expertise of assigned resources.

### Causal factor analysis and remediation

Focusing on continuous improvement is essential to driving improvements in audit quality. Understanding why audit deficiencies occur is essential to the design of effective actions to remediate findings. Further, actions are taken when audit deficiencies in the performance of an audit engagement are identified. Engagement level remediation is imperative to drive continuous improvement in audit quality and avoid future similar findings. An Audit Quality Plan is prepared by Deloitte North Macedonia and provides for effective implementation and monitoring of key audit quality priorities.

### External inspections

In addition to Deloitte North Macedonia own monitoring of audit quality, we are subject to external reviews by the Institute of Certified Auditors of Republic of Macedonia.

The last independent quality assurance review took place in November 2020, and was carried out by the Institute of Certified Auditors of Republic of Macedonia.

In addition, the most recent internal practice review of the Company was performed in 2020, which established that Deloitte North Macedonia adequately applies its policies and procedures, as well as the International Standards on Auditing.

Internal inspections	External inspections
Individual audits	1 March 2020, period covered – audit for 2019

### Statement on the effectiveness of the functioning of the internal quality control system

We confirm that we are satisfied that our internal quality controls and systems are robust, operate effectively, and allow us to readily identify any areas of potential enhancement. We continually seek to refine all aspects of our business and we use the findings of the practice review, other internal reviews and external regulatory reviews to enhance our system of quality control.

# Independence, ethics, and additional disclosures

## Deloitte North Macedonia Independence



Sets **independence policies and procedures** based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. Performs full reviews of independence quality controls on a three-year cycle; annual focused reviews for the off-cycle years; and in-depth follow-up reviews as needed.



Performs **on-going monitoring** activities of firms—enabling continuous enhancements to policies, quality controls, tools, and practice support activities.



Delivers **information systems** to provide professionals with entity information to support compliance with personal and professional independence requirements, including financial interests and scope of service approvals.



Supports **independence awareness** through active engagement with independence and business leadership groups, periodic communications and alerts, and development of guidance, learning and instructions.

### Deloitte North Macedonia Independence

Deloitte North Macedonia has policies and procedures designed to address compliance with applicable professional standards that relate to independence. These policies and procedures are based on the Code of Ethics for Professional Accountants (the “Code”) issued by the International Ethics Standards Board for Accountants, and are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than the code. Deloitte North Macedonia leadership reinforces the importance of compliance with independence and related quality control standards, thereby setting the appropriate tone at the top and instilling its importance into the professional values and culture of Deloitte North Macedonia. Strategies and procedures to communicate the importance of independence to partners, other professionals and support staff have been adopted, emphasizing each individual’s responsibility to understand and meet the independence requirements.

The key elements of the system of quality control that Deloitte North Macedonia implemented in accordance with its policies include the following:

- Engagement acceptance and monitoring

- Monitoring of rotation requirements
- Business relationship assessments and monitoring
- Use of independence business process tools, including the Deloitte Entity Search and Compliance (DESC) system and the Global Independence Monitoring System (GIMS),
- Procedures to identify and analyze non-compliance with independence requirements and apply related disciplinary measures and actions
- Independence-related learning and communications
- Assignment of responsibility for independence systems and controls

An internal review of independence compliance was conducted during the year and the report was issued on 15 December 2020.

**Rotation of key audit partners and professionals**

Deloitte North Macedonia maintains policies and procedures requiring rotation of key audit partners and staff. These differ for a public interest entity as defined in Law on Audit (Official Gazette of the Republic of North Macedonia no. 158/10, 135/11, 188/13, 43/14, 138/14, 145/15, 192/15, 23/16 and 83/18) (the “EU PIE”) or entities defined as a public interest entity by Deloitte North Macedonia (“other PIE”). In case of other PIE, individuals responsible for carrying out a statutory audit should not serve other PIE for more than seven consecutive years in the position of a key audit partner. They shall not participate again in the statutory audit of the audited other PIE entity before two years have elapsed following cessation of such service. During the cooling-off period of [three] or two years, the key audit partner should not participate in the audit of the audited entity, perform the engagement quality control review, consult with the engagement team or the audited entity regarding technical or industry-specific issues, transactions or events or otherwise directly influence the outcome of the statutory audit.

In addition, audit firm rotation is required for the banks, investment funds, funds management companies and insurance companies after five consecutive year followed by one year cooling-off period in accordance with the local Banking Law, Law on Investment Funds and Law on Insurance Supervision.

While it is the primary responsibility of the individuals serving as key audit partners to ensure they comply with the rotation requirements, Deloitte North Macedonia implemented a monitoring process that includes among other analysis of client portfolios and individuals assigned in various roles to statutory audits and considering appropriate competence, capability, workload and availability of statutory auditors so as to enable these individuals to adequately discharge their responsibilities as key audit partners.



**DESC**  
Deloitte Entity Search and Compliance

Global, searchable database containing specific entity information relevant in determining personal and professional independence restrictions



**GIMS**  
Global Independence Monitoring System

Application that contains financial relationship data with relevant independence compliance indicators

**Deloitte North Macedonia Ethics**

Deloitte North Macedonia maintains policies and procedures that are designed to provide reasonable assurance that its professionals comply with relevant ethical requirements.

The ethical requirements for audit and related assurance services provided by Deloitte North Macedonia are in accordance with Law on Audit (Official Gazette of the Republic of North Macedonia no. 158/10, 135/11, 188/13, 43/14, 138/14, 145/15, 192/15, 23/16 and 83/18). Deloitte North Macedonia also complies with the requirements and guidance set out in the international Code of Ethics for Professional Accountants (the “Code”) issued by the International Ethics Standards Board for Accountants, a standard-setting body of the International Federation of Accountants (IFAC). When the national professional requirements are more restrictive than the Code policies and procedures, Deloitte North Macedonia follows the applicable national requirements.

Deloitte North Macedonia has appointed an Ethics Officer who is an experienced partner with direct access to the CEO and the member firm’s governing body. In addition, Deloitte North Macedonia has developed and implemented its own code of conduct, which describes critical professional behavior that reflects local customs, regulations, and legal requirements.

Deloitte North Macedonia provides communication channels through which partners, other professionals and support staff can consult on and report ethical issues and situations. Deloitte North Macedonia reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems. In addition, Deloitte North Macedonia requires all partners, other professionals and support staff to confirm annually that they have read and comprehended the code of conduct and understand that it is their responsibility to comply with it.

**Licensing requirement for statutory compliance**

A license for performing audit activity (the “License”) is a public document issued by the Council for Advancement and Oversight of the audit of the Republic of North Macedonia to a person that fulfils the conditions prescribed by the Law on Audit.



## Shaping the future of the audit profession

Management teams, audit committees, investors, regulators, and standard setters all play critical roles in shaping the environment in which audits are performed. We strive to engage with these parties, both formally and informally, to share, offer and debate ideas with the objective of ensuring the relevance of audit and assurance to the capital markets.



# Appendices



# Appendix A | Financial information

The breakdown of the Deloitte DOO Skopje's 2020 turnover:

Turnover	MKD
Audit of separate and consolidated financial statements	26,304,478
Additional Quality Assurance services (in accordance with IFAC publications, accepted and published in North Macedonia)	382,508
Tax consulting services (accounting, internal audit and other services)	14,116,263
Other non-audit services (training and other services)	27,205,784
Other income	1,258,404
<b>Total income</b>	<b>69,267,437</b>

# Appendix B | Public interest entities

Public Interest Entities Audited for Statutory Purposes by Deloitte DOO Skopje in the Financial Year 2020:

Name	FYE
DOO Sinpeks Bitola	31.12.2019
Elkos Group DOO Skopje	31.12.2019
ITHR Macedonia DOOEL Skopje	31.12.2019
Wienerberger DOOEL Vinica	31.12.2019
HALK Insurance AD Skopje	31.12.2019/31.12.2020
ITD Distribucija DOO inport-export Skopje	31.12.2019
RAMSTORE Macedonia DOO Skopje	31.12.2019
Alkaloid AD Skopje	31.12.2019
DS Smith AD Skopje	31.12.2019
HALK BANKA AD Skopje	31.12.2019
AD Pecatnica "Kiro D. Dandaro" zastitno drustvo - Bitola	31.12.2019
Liberti AD Skopje	31.12.2019
AD ALLIANCE ONE MAKEDONIJA Kavadarci	31.12.2019

## Statutory Audit for non-PIE:

Name	FYE
Alkaloid KONS DOOEL Skopje	31.12.2019
TAB Limited Makedonija dooel Skopje	31.12.2019
REPTIL DOOEL Skopje	31.12.2019
AMPHENOL TECHNOLOGY MAKEDONIJA DOOEL Kocani	31.12.2019
NATIONAL BANK OF THE REPUBLIC OF NORTH MACEDONIA	31.12.2019
KONSTRUKSIONES RUBAU A.D. GIRONA SPANIJA – PODRUZNICA VO REPUBLIKA SEVERNA MAKEDONIJA SKOPJE	31.12.2019
NETCETERA DOOEL SKOPJE	31.12.2019
HTL MAKEDONIJA DOOEL Skopje	31.12.2019





### Contractual Audit for Public Interest Entities:

Name	FYE
AD ALLIANCE ONE MAKEDONIJA Kavadarci	31.03.2020

### Contractual Audit for non-PIE:

Name	FYE
Secretariat for European Affairs	2012-2015
BRIKO MAKEDONIJA DOOEL Skopje	31.12.2019
Ministry of Education and Science of RNM	31.12.2019
Ministry of Transport and Communication of RNM	31.12.2019
Zdruzenie KONEKT Skopje	31.12.2019
LIMAK DOO Skopje	31.12.2019 and 31.12.2018

### Statutory and Contractual Audit:

Name	FYE
MASTERBET DOOEL Skopje	31.12.2019
MA GAMING DOOEL Skopje	31.12.2019
Makoten DOOEL Gevgelija	31.12.2019
Gen-I DOOEL Skopje	31.12.2019
MI-DA Grand Motors DOO Skopje	31.12.2019
Asseco SEE DOOEL Skopje	31.12.2019/31.12.2020
Pakom Company DOOEL Skopje	31.12.2019
Pejten DOOEL Skopje	31.12.2019/31.12.2020
MVM Partner DOOEL Skopje	31.12.2019
TELAMON-EVROPA DOOEL Skopje	31.12.2019
Triglav Insurance AD Skopje	31.12.2019/31.12.2020
Triglav Insurance Life AD Skopje	31.12.2019/31.12.2020
Triglav Pension Company AD Skopje	31.12.2019/31.12.2020
HSE MAK ENERGY DOOEL Skopje	31.12.2019
Gerresheimer Skopje DOOEL Ilinden	31.12.2020
Krashkomerc DOOEL - Skopje	31.12.2020
SUMBRO TRADE DOOEL Skopje	31.12.2019



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