

# Deloitte.

Deloitte Audit s.r.o.  
Transparency report  
(amended)

January 2019



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## Deloitte Audit s.r.o. Transparency Report in Compliance with Article 24 of Act No. 540/2007 Col. on Auditors, Audit and Audit Supervision for the Reporting Period Ended 31 December 2015

### Introduction

As an audit firm that carries out statutory audits of the annual accounts of public-interest entities, Deloitte Audit s.r.o. (hereinafter also: the “Audit Firm”) is publishing this annual transparency report in compliance with article 24 of the Act on Auditors, Audit and Audit Supervision No. 540/2007 Coll. On Auditors, Audit and Audit Oversight, and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting as amended, as amended (the “Act on Auditors”).

All information provided in this report relates to the situation of Deloitte Audit s.r.o. on 31 December 2015, except if indicated otherwise.

### Legal structure and ownership

Deloitte Audit s.r.o. is a limited liability company established under Slovak law, with its registered office at Digital Park II, Einsteinova 23, 851 01 Bratislava and registered in the Commercial Registry of District Court Bratislava I, Section: Sro, Insert no.: 4444/B.

The Audit Firm has an audit firm license No. 014 and is registered in the list of audit firms maintained by the Audit Supervision Authority in the Slovak Republic (the “Authority”).

As of the date of this report the capital and voting rights of the Audit Firm are held by a Cyprus Holding company Deloitte Central Europe Holdings Limited (hereinafter “DCEHL”), which owns 48% of voting rights and a company Deloitte Audit s.r.o., with its registered office in Prague, Czech Republic, which is a licensed audit company in another EU Member State, the Czech Republic (certificate no. 79), and the owner of 52% of voting rights.

The statutory body of the Audit Firm is five executives; four out of the five executives are licensed auditors in Slovakia, registered in the list of auditors maintained by the Authority.



# The Deloitte network

## About Deloitte

“Deloitte” is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide audit, consulting, financial advisory, risk management, tax and legal services to selected clients. These firms are members of Deloitte Touche Tohmatsu Limited (“DTTL”) a UK private company limited by guarantee. Each member firm provides services in a particular geographic area and is subject to the laws and professional regulations of the particular country or countries in which it operates. DTTL does not itself provide services to clients. DTTL and DTTL member firms are separate and distinct legal entities, which cannot obligate the other entities. DTTL and each DTTL member firm are only liable for their own acts or omissions, and not those of each other. Each of the member firms operates under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", or other related names. Each DTTL member firm is structured differently in accordance with national laws, regulations, customary practice and other factors, and may secure the provision of professional services in their territories through subsidiaries, affiliates and/or other entities.

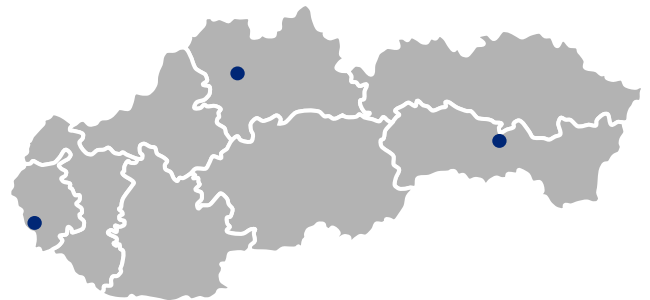
See [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member Firms.

## About Deloitte Central Europe

Deloitte Central Europe (“DCE”) is a regional organisation of entities organised under the umbrella of Deloitte Central Europe Holdings Limited, the member Firm in Central Europe of Deloitte Touche Tohmatsu Limited. Services are provided by the subsidiaries and affiliates of Deloitte Central Europe Holdings Limited, including Deloitte Audit s.r.o., which are separate and independent legal entities.

## Deloitte in Slovakia

In Slovakia, services are provided by Deloitte Advisory s.r.o., Deloitte Audit s.r.o., Deloitte Legal s.r.o, Deloitte Security s.r.o., Deloitte Tax s.r.o. and Deloitte Slovakia s.r.o. (jointly referred to as “Deloitte Slovakia”), which are subsidiaries and affiliates of Deloitte Central Europe Holdings Limited. Deloitte Slovakia is one of the leading professional services organisations in the country, providing services in audit, tax, consulting, risk management, financial advisory services and legal services through over 250 national and expatriate professionals. Assurance services are only provided by Deloitte Audit s.r.o.



For more information, please visit the Slovak website at [www.deloitte.com/sk](http://www.deloitte.com/sk).

## Governance and Management Structure of the Audit Firm

The Audit Firm is managed by the Executives appointed by the Partners’ General Meeting. The majority of the Executives are registered in the list of auditors maintained by the Authority.

The Executives are responsible for the general strategy of the Audit Firm and its alignment with the DCE strategy and for the preparation of the financial statements and the overall management of the Audit Firm. The day-to-day management of the Audit Firm is carried out by its Executives.

The Executives registered in the list of auditors maintained by the Authority are:

- Zuzana Letkova (license SKAU No. 865),
- Wolda Grant (license SKAU No. 921),
- Marian Hudak (license SKAU No. 856), and
- Peter Longauer (license UDVA No. 1136).

The Executive not registered in the list of auditors maintained by the Authority, but registered as an auditor in other EU Member State:

- Juan Carlos Garcia Santiago (Spain).

The Audit Firm has a supervisory board which has 4 members and whose competence includes mainly supervision over the Executives activities, inspection of trade and accounting books and other documents of the Audit Firm and review the information contained therein, examination of the Audit Firm's financial statements and submission of reports to the Partners' General Meeting at least once per year.

Members of the Audit Firm's supervisory board are:

- Ivan Lužica
- Vladimír Masár
- Larry Human
- Gavin Flook

The number of auditors and audit assistants as at 31 December 2015:

Description	Number
<b>Statutory auditors</b>	15
<b>Auditors in other EU Member States</b>	1
<b>Auditors from third countries</b>	-
<b>Audit assistants:</b>	28

## Internal quality control system

The Audit Firm maintains policies and procedures to promote an internal culture based on the recognition that quality is our number one priority and it is set out in the Deloitte Policies Manual (Audit), which is the central repository for DTTL policies and which the Audit Firm has agreed to adhere to. The Audit Firm focuses on professional excellence as the foundation for achieving outstanding audit quality on a consistent basis. This manual includes policies and procedures addressing leadership responsibilities for the system of quality control within the Audit Firm, ethical requirements, client and engagement acceptance and continuance, human resources, engagement performance and monitoring.

This internal quality control system has two monitoring systems:

- Engagement quality control review, and
- Annual quality assurance review.

### Engagement quality control review

Statutory audit reports on the annual accounts or consolidated accounts relating to a public interest entity, among others, are subject to an engagement quality control review by a partner with sufficient and appropriate experience and professional qualifications, prior to issuance of the report. The engagement quality control reviewer is not part of the engagement team and is not portrayed in fact or appearance as a member of the engagement team.



The reviewer is appropriately briefed by the engagement team and conducts the review in such a manner that sufficient knowledge and understanding is obtained in order to reach conclusions. The reviewer's responsibility is to perform an objective review of significant auditing, accounting, and financial reporting matters, to document the procedures the reviewer performed, and to conclude, based on all the relevant facts and circumstances of which the reviewer has knowledge, that no matters that have come to his or her attention would cause the reviewer to believe that the significant judgments made and the conclusions reached were not appropriate in the circumstances.

For engagements that have been identified as having a higher engagement risk, a special review partner is assigned to provide an additional level of competence and objectivity in planning and performing the engagement. The special review partner is independent of the engagement. Normally this partner possesses specialized industry and technical skills applicable to the engagement and, in certain situations, is independent of the practice unit to enhance objectivity or to provide specialized resources.

The audit report may only be issued if the reviewer is satisfied that the audit engagement team has made appropriate judgements and conclusions, and has complied with International Standards on Auditing, or other relevant rules and regulations.

## Annual Quality Assurance Review

In accordance with DTTL policies, the Audit Firm is subject to a quality assurance review, or "practice review" as it is commonly referred to, at intervals not to exceed three years.

Normally, the performance of every audit partner is assessed during the three-year cycle, and at least one engagement for each partner is selected to achieve this goal. Consideration is also given to assessing the performance of managers, particularly those managers who are candidate for partner nomination.

The Audit Firm is responsible for the practice review. DTTL and DCE provide guidance and oversight regarding the practice review plan and procedures. The general coordination and administration of the practice review program is the responsibility of the practice review director.

The practice review plan, process, and results are reviewed and concurred by a partner from another member firm (the "concurring partner") every year. The concurring partner who is assigned this responsibility works closely with the practice review director in overseeing the planning and performance of the practice review.

## Types of Engagements Reviewed

The engagements selected for review include national engagements and inbound/outbound transnational engagements (audits of financial statements that are or may be used across national borders), including public interest entities, as well as a number of high risk audit engagements. Some sensitive and complex engagements (e.g., first-year engagements, situations where there is a change in control, or deteriorating financial condition) are also selected. All major industries are considered.

## Scope of Practice Reviews

The assignment of reviewers is based on skill level, industry knowledge, and experience on transnational engagements.

The reviews of individual engagements consist of discussions with the partner and/or manager responsible for the engagement and a review of related reports, working papers, and, where appropriate, correspondence files.

Engagements are reviewed to:

- Determine whether quality control procedures have been properly applied to such engagements,
- Assess the adequacy of implementation of the audit approach, including compliance with the policies and procedures contained in the policy manuals,

- Monitor compliance with applicable local laws, and
- Assess the overall quality of service provided to clients.

The overall risk management and quality control policies and procedures of practice offices within DCE are also reviewed, including the following:

- Risk management program, including engagement acceptance and continuance
- Independence
- Recruitment and advancement
- Professional development
- Public filings in other countries
- Information technology specialist reviews
- Assignment of professional staff to audit engagements
- Consultation with Audit Firm's experts
- Consultation with outside experts
- Engagement quality control reviews

The findings and recommendations resulting from the practice reviews are presented in a practice review report and management letter to the Audit Firm's and DCE leadership. The purpose of the management letter is to provide suggestions for improvement in response to findings noted. DCE and the Audit Firm addresses findings in the practice review management letter by drawing up a detailed action plan setting out the action to be taken, the person(s) responsible, and the timing to implement the recommendations contained in the practice review management letter, where applicable.

In addition, the Audit Firm communicates to the relevant partner and other appropriate personnel deficiencies (if any) noted as a result of the practice review and recommendations for appropriate remedial action. The Audit Firm also communicates the results of the practice review and ongoing consideration and evaluation of its system of quality control to its partners and other appropriate individuals.

## **Management Committee statement**

The Executives of the Audit Firm are satisfied that the internal control system, as described above, is effective in providing reasonable assurance that the Audit Firm and its personnel comply with applicable professional standards and regulatory and legal requirements and that audit reports issued are appropriate in the circumstances and in accordance with International Standards on Auditing and the Code of Ethics issued by the Slovak Chamber of Auditors.

## **Date of the last independent quality assurance review**

The last quality assurance review of the Audit Firm carried out by the Audit Oversight Authority (UDVA) was completed on 18 November 2015.

## **List of public-interest entities for which the Audit Firm has carried out statutory audits during the last reporting period**

Enclosed as an Appendix 1 to this report.

## Statement concerning the Audit Firm's independence practices

DCE maintains written independence policies and procedures, which include the performing of certain independence compliance checks on an annual basis and which are applicable to the Audit Firm as a part of DCE.

- Each professional should sign an individual independence confirm each year. It is performed as of 31 May. In addition, similar independence confirmations are obtained from new employees and employees leaving the Audit Firm.
- All managerial personnel and above should enter their financial interests to a global independence monitoring system. Each person's portfolio is checked against an electronic list of audit clients to check whether this ownership is allowed under the relevant independence rules;
- All professionals should complete an e-learning on independence rules and;
- Client and engagement acceptance processes are used to verify that independence is not impaired.

In addition to the continuous monitoring of compliance with independence policies, independence inspection and testing procedures are performed annually on a sample of professionals and senior officers.

The internal confirmation of independence compliance by employees of the Audit Firm was performed as of 31 May 2015 and an internal independence compliance testing and inspection for selected employees was finalized by 30 November 2015.

## Continuing education

All registered auditors in the Audit Firm maintain their continuous professional qualification through a mixture of internal courses as well as educational courses organized by the Slovak Chamber of Auditors (SKAU).

### Continuing education

Continuing education is a key policy of the Audit Firm, as this is an important means of developing knowledge and maintaining and improving the quality of our services. A learning intranet platform provides a starting point, including technical training (IFRS, ISA, professional rules, tax, IT), management and interpersonal skills, business economics and industry-specific courses.

The continuing education program is comprised of both Deloitte-organised training sessions as well as external training, among others by the Slovak Chamber of Auditors. Certain courses are mandatory and others are optional, such that each auditor or trainee auditor can personalise their learning programme.

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

More experienced auditors are expected to update and deepen their technical knowledge. Developing management and interpersonal skills are also very important for this group. There is also the possibility to follow longer term education, such as MBA programmes. There is also a system of accreditation whereby a training course needs to be completed before an auditor may perform certain tasks.

The training program provided by the Association of Chartered Certified Accountants (ACCA) based in the United Kingdom, is also considered a qualification encouraged and recognised by the Audit Firm for audit professionals. All graduate full-time audit new hires enter into this study program when joining the Audit Firm (unless alternative study is agreed).

The Audit Firm organises each year for all Audit staff one week technical training, which covers changes in International Financial Reporting Standards, Slovak Accounting Standards, International Standards on Auditing and tax legislation, and other skills trainings.



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 within the Audit Firm.

## Financial Information


The total revenues of the Audit Firm from the sale of services for the financial year ended 31 December 2015 amounted to EUR 15 837 thousand, which can be broken down into:

Service description	EUR'000
Fees for the statutory audit	7 156
Fees for the assurance services other than statutory audit	2 582
Fees for the related audit services	250
Fees for other non-audit services	3 762
Other revenues	2 087
<b>TOTAL</b>	<b>15 837</b>



## Partners' remuneration

Partners are evaluated on a yearly basis and depending on the outcome of the evaluation the remuneration of partners may increase or decrease. Partner evaluations take the following factors into account: quality, expertise, integrity, professionalism, entrepreneurship, independence and compliance.

  
**Zuzana Letková**  
Executive  
Deloitte Audit s.r.o.

Date: 8 January 2019

Location: Bratislava, Slovak Republic

## Appendix I

The List of public interest entities for which the Audit Firm performed audit services pursuant to the Act on Auditors during the reporting period ended 31 December 2015:

• Alico Funds Central Europe správ. spol., a.s.	• Ministerstvo zahraničných vecí a európskych záležitostí Slovenskej republiky (Ministry of Foreign and European Affairs of the Slovak Republic)
• Atradius Credit Insurance N.V., pobočka poisťovne z iného členského štátu (Atradius Credit Insurance N.V., a branch of an insurance company from another Member State)	• Ministerstvo zdravotníctva Slovenskej republiky (Ministry of Health of the Slovak Republic)
• Bekaert Hlohovec, a.s.	• Ministerstvo životného prostredia Slovenskej republiky (Ministry of Environment of the Slovak Republic)
• BKS AG, pobočka zahraničnej banky v SR (BKS AG, a branch of a foreign bank in the Slovak Republic)	• Mondi SCP, a.s.
• CPA, s.r.o.	• NAFTA, a.s.
• Doplnková dôchodková spoločnosť Tatra banky, a.s.	• Najvyšší súd Slovenskej republiky (Supreme Court of the Slovak Republic)
• Doprastav, a.s.	• Národná diaľničná spoločnosť, a.s.
• DÔVERA zdravotná poisťovňa, a.s.	• Orange Slovensko, a.s.
• ESET, s.r.o.	• OTP Banka Slovensko, a.s.
• Falck Emergency a. s.	• Prima banka Slovensko, a.s.
• Fio banka, a.s., pobočka zahraničnej banky (Fio banka, a.s., a branch of a foreign bank)	• Privatbanka, a.s.
• Generálna prokuratúra Slovenskej republiky (General Prosecutor's Office of the Slovak Republic)	• ProCare, a.s.
• GRANVIA, a. s.	• Prvá stavebná sporiteľňa, a. s.
• Granvia Construction, s. r. o.	• Slovenská akadémia vied (Slovak Academy of Sciences)
• HANIL E-HWA AUTOMOTIVE SLOVAKIA s.r.o	• Slovenská záručná a rozvojová banka, a. s.
• Hlavné mesto Bratislava (Capital City of Bratislava)	• Slovenský plynárenský priemysel, a.s.
• I.D.C. Holding, a.s.	• SPP - distribúcia, a.s.

<ul style="list-style-type: none"> <li>• ICU Medical Slovakia s.r.o.</li> </ul>	<ul style="list-style-type: none"> <li>• SPP Infrastructure, a. s.</li> </ul>
<ul style="list-style-type: none"> <li>• MECOM GROUP s.r.o.</li> </ul>	<ul style="list-style-type: none"> <li>• Správa štátnych hmotných rezerv Slovenskej republiky (Administration of State Material Reserves of the Slovak Republic)</li> </ul>
<ul style="list-style-type: none"> <li>• Metlife - Amslico poisťovňa, a.s.</li> </ul>	<ul style="list-style-type: none"> <li>• Štatistický úrad Slovenskej republiky (Statistical Office of the Slovak Republic)</li> </ul>
<ul style="list-style-type: none"> <li>• Ministerstvo dopravy, výstavby a regionálneho rozvoja Slovenskej republiky (Ministry of Transport, Construction and Regional Development of the Slovak Republic)</li> </ul>	<ul style="list-style-type: none"> <li>• Tatra Asset Management, správ. spol., a.s.</li> </ul>
<ul style="list-style-type: none"> <li>• Ministerstvo financií Slovenskej republiky (Ministry of Finance of the Slovak Republic)</li> </ul>	<ul style="list-style-type: none"> <li>• Tatra banka, a.s.</li> </ul>
<ul style="list-style-type: none"> <li>• Ministerstvo financií Slovenskej republiky – Ústredná správa (Ministry of Finance of the Slovak Republic – Central Administration)</li> </ul>	<ul style="list-style-type: none"> <li>• TATRAVAGÓNKA a.s.</li> </ul>
<ul style="list-style-type: none"> <li>• Ministerstvo hospodárstva Slovenskej republiky (Ministry of Economy of the Slovak Republic)</li> </ul>	<ul style="list-style-type: none"> <li>• The Royal Bank of Scotland N.V., pobočka zahraničnej banky (The Royal Bank of Scotland N.V., a branch of a foreign bank)</li> </ul>
<ul style="list-style-type: none"> <li>• Ministerstvo kultúry Slovenskej republiky (Ministry of Culture of the Slovak Republic)</li> </ul>	<ul style="list-style-type: none"> <li>• UniCredit Bank Slovakia a. s.</li> </ul>
<ul style="list-style-type: none"> <li>• Ministerstvo obrany Slovenskej republiky (Ministry of Defence of the Slovak Republic)</li> </ul>	<ul style="list-style-type: none"> <li>• UniCredit Leasing Slovakia, a.s.</li> </ul>
<ul style="list-style-type: none"> <li>• Ministerstvo pôdohospodárstva a rozvoja vidieka Slovenskej republiky (Ministry of Agriculture and Regional Development of the Slovak Republic)</li> </ul>	<ul style="list-style-type: none"> <li>• Úrad geodézie, kartografie a katastra Slovenskej republiky (Geodesy, Cartography and Cadastre Authority of the Slovak Republic)</li> </ul>
<ul style="list-style-type: none"> <li>• Ministerstvo práce, sociálnych vecí a rodiny Slovenskej republiky (Ministry of Labour, Social Affairs and Family of the Slovak Republic)</li> </ul>	<ul style="list-style-type: none"> <li>• Úrad pre normalizáciu, metrológiu a skúšobníctvo Slovenskej republiky ÚNMS SR (Slovak Office of Standards, Metrology and Testing)</li> </ul>
<ul style="list-style-type: none"> <li>• Ministerstvo spravodlivosti Slovenskej republiky (Ministry of Justice of the Slovak Republic)</li> </ul>	<ul style="list-style-type: none"> <li>• Úrad vlády Slovenskej republiky (Government Office of the Slovak Republic)</li> </ul>
<ul style="list-style-type: none"> <li>• Ministerstvo školstva, vedy, výskumu a športu Slovenskej republiky (Ministry of Education, Science, Research and Sport of the Slovak Republic)</li> </ul>	<ul style="list-style-type: none"> <li>• Železiarne Podbrezová a.s.</li> </ul>
<ul style="list-style-type: none"> <li>• Ministerstvo vnútra Slovenskej republiky (Ministry of Interior of the Slovak Republic)</li> </ul>	

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/sk/about](http://www.deloitte.com/sk/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, financial advisory and legal services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's approximately 225,000 professionals are committed to making an impact that matters

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