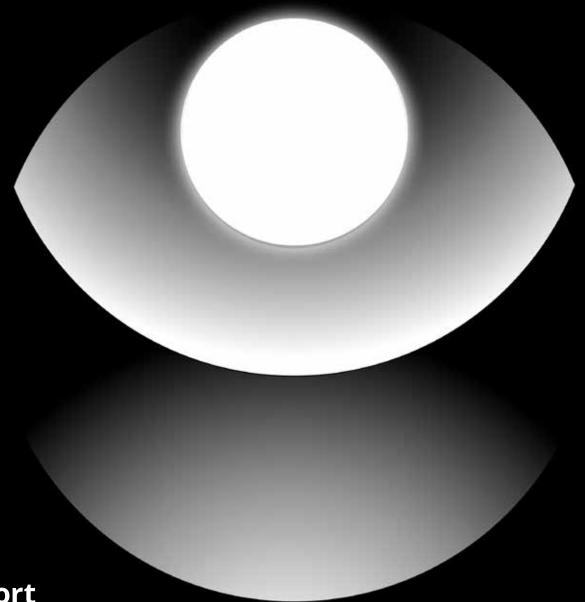
# Deloitte.



**2018 Transparency Report** 

Aspire with assurance

Deloitte Limited, Cyprus

September 2018

Audit & Assurance

#### **Regulatory Context**

This Transparency Report has been prepared in accordance with the provisions of article 48 of the Law of 2009 and 2013 on Statutory Audits of Annual and Consolidated Accounts.

The provisions require the annual publication of certain information by auditors, defined as statutory auditors, that have issued an audit report on the annual financial statements of one or more public interest entities during the financial year. This information is to be published on their website or deposited with the Companies Registrar within 3 months of each financial year.

The enclosed Transparency Report relates to the financial year 2018 covering the period from 1 june 2017 to 31 May 2018. The Firm will issue its next Transparency Report for the year 1 June 2018 to 31 May 2019.

The terms Firm and Deloitte will normally denote the Deloitte Cyprus firm, Deloitte Limited, throughout this document. The Cypriot firm, Deloitte Limited, is a Cyprus registered entity authorised to practice as an audit firm in Cyprus. A full description of the Legal structure of Deloitte Cyprus is set out in section 2 on page 11 of this report.

## Preface

To our Clients and Stakeholders:

It has never been more important to talk about transparency and talk transparently about audit. Audit is about much more than just the numbers. It's about attesting to accomplishments and challenges, and helping to assure strong foundations for future aspirations.

The last year's corporate failures around the world have created a lot of tension and intense scrutiny, for all audit firms worldwide and for our profession. High profile corporate failures have led people to question the role of auditors, the importance of audit and whether it's right that audit firms also provide other services. We understand that in some instances, corporate failures also meant audit failures and we recognise that change is needed. We want to work with other market participants to really look at how audit can match the evolving needs of stakeholders and society, as well as the needs of increasingly complex businesses but in the right direction.

We need also to question whether separating audit work from other services may be the ideal solution, as in many cases the solution would rely to the detriment of audit quality and of the EU capital markets. Quality means a total commitment to making sound judgments. It means ensuring that all the right steps are taken consistently in the course of the Audit. It means providing a bedrock of confidence in the results we verify. However, at Deloitte, quality means even more. It is a never-

ending quest to do today's work better and to deliver more in every engagement. We see Audit as an opportunity to introduce more of the areas where assurance can be given, to create ever-firmer foundations on which decisions can be based and future actions taken. We seek to continually raise the standards of quality - from numbers that add up to how we add deeper and more genuine value for stakeholder. The insight we provide helps to inform the plans and expectations for what stakeholders hope to accomplish in the future. The more that stakeholders understand what is true today, as well as emerging conditions, the more equipped they are to make decisions about what to do next. The information and insight we deliver helps to equip stakeholders to decide on the directions and actions they will take moving forward.

As we aspire to the very highest standards of audit quality, we are focused on making audits more responsive to rapidly changing market conditions, evolving investor demands, and increasing regulatory requirements. To this end, we are making significant investments in our people and technology to transform our audit approach. We are incorporating technological advancements as they become available to us. At the same time, we are enhancing our learning and development programmes to build the skills and capabilities required of the next generation auditor, and the Deloitte Network is collaborating across the profession and with academia to address improvements in audit education.

"Continually raising the standards of quality through ever-deeper assurance on an ever-broader range of questions".

This report contains information related to the internal and regulatory inspections of our audit practice. We respond vigorously to all findings, and have used the inspection process to drive continuous improvement in our audit quality. We are proud of our commitment to this process.

We publish this report each year to provide disclosure that is responsive to certain categories of information identified within the Law directed at corporate governance and transparency. We commit to you that here at Deloitte we will continue to collaborate with regulators, and others on issues impacting financial reporting and the profession. Within this report, we share more about our commitment and continued investments in audit quality.

I hope you find this report interesting and insightful.

Sincerely,

Christis Christoforou Chief Executive Officer (CEO)

Deloitte Limited

#### Our purpose defines us

# We serve our clients with quality and distinction

Making a measurable and attributable impact

## We inspire our people to deliver value

Mentoring and developing future leaders and colleagues for life

#### We contribute to society

Building confidence and trust, upholding integrity and supporting the community

# We are leaders in the profession

Challenging ourselves to deliver innovative ideas that reflect unique capabilities

At Deloitte, we bring assurance to aspiration by delivering a true and valid picture of the world today and by mapping the direction of change as it happens.

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# Deloitte Cyprus leadership message





























# Welcome to our 7<sup>th</sup> Transparency Report

Embracing the principles behind the Transparency Report, we are pleased to set out our approach to ensuring audit quality, robust governance and ethics.



"We embrace the challenges of today's world and develop them into opportunities while Quality remains our number one priority".

**Christis Christoforou CEO** 



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#### 01 Deloitte Cyprus leadership message



"We feel comfortable with the Quality of our audits and we look ahead in continuing to aspire with assurance".

Maria Paschalis
Audit & Assurance Leader

Quality is our number one priority and as one of Cyprus' leading audit firms we continue to deliver high quality audits to the business community. We have challenging times ahead of us but here at Deloitte we envelop them in opportunities to support our clients through our services.

We are honoured by the important public interest role entrusted to us through our assignments as auditors and fully understand that consistently demonstrating high audit quality is the key factor that will help us deliver on this role. And so, we take every opportunity and use it to our advantage and in securing our place as a leader and role model in Cyprus.

We are confident that the substantial investment we have made, and are continuing to make, in our audit processes, policies, technologies and quality controls are enhancing the quality of our audits.

The purpose of this transparency report is to set the practices and processes that are currently employed by Deloitte Cyprus, in accordance with the requirements of the Article 13 of the European Union's Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities.





























#### 01 Deloitte Cyprus leadership message

## What have we been doing to maintain and enhance the high Audit Quality standard?

- Achieving and maintaining ISO27001
   certification for our Information Security
   Management System provides assurance to
   our clients that we will treat their confidential
   information with its due respect
- Investing in our audit practice with innovative technology and processes
- Continuous investment in our people through Deloitte University programmes; a state-of-theart learning and leadership development centre near Brussels and in Chantilly in France
- Adopting as a core component of our culture, a set of eight Audit Imperatives that summarise the most important areas of audit quality focus
- Continuing to hold ourselves accountable. We have set Audit Quality Indicators and use Audit Quality Measurement and Monitoring tools that are tightly aligned with achieving our quality objectives

- Consistently reinforcing with our professionals our role as an independent evaluator, in which professional scepticism is a critical mind-set
- Focusing our audit efforts in those areas that present the most significant risks and to more closely integrating all aspects of the financial statement audit
- Focusing on Quality and never compromising it. We are committed to providing exceptional value at a fee that is fair and competitive
- Constructively engaging with our regulators directly and indirectly, via participation in the Council and Committees of our professional institute

I hope you find the remainder of this report a valuable reference and a clear demonstration of Deloitte's rigorous, innovative and on-going measures to enhance audit quality. Each of our professionals recognises that we all own quality, individually and collectively.

#### **Our heritage**

While the world has changed significantly since the Deloitte network was founded in 1895 and the creation of our Firm nearly 60 years ago, our commitment to audit quality and leadership in the public accounting profession remains a hallmark of our brand.

At the heart of that commitment is our belief that nothing is as important as a foundation rooted in quality, which we strive to protect by performing our work with the highest levels of integrity.



























#### 01 Deloitte Cyprus leadership message

Continually raising the standards of quality through ever-deeper assurance on an ever-broader range of questions



"Protecting our brand is vital and we take risk management seriously. Performing our audit engagements in an ethical manner is indisputable".

**Eleftherios Philippou** Risk & Reputation Leader





























# **Deloitte Network**





























## Deloitte network<sup>1</sup>

#### **Deloitte Cyprus: legal structure and** ownership

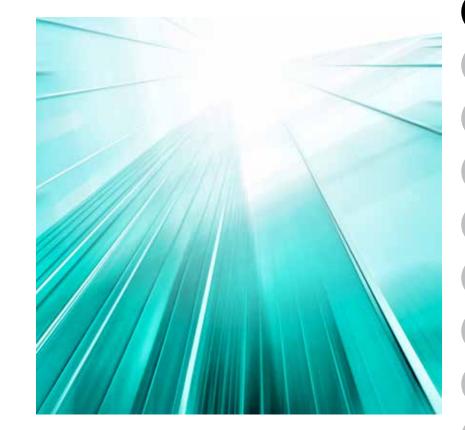
Deloitte Limited is connected to the Deloitte network and is a member firm of Deloitte Touche Tohmatsu Limited, Deloitte Limited is referred to throughout this report as "Deloitte Cyprus". Deloitte Limited holds practice rights to provide professional services using the "Deloitte" name which it extends to Deloitte entities within its territory, including Deloitte Cyprus. Deloitte Cyprus is authorised to serve as an auditor for clients in Cyprus.

Deloitte provides Audit and Assurance, Tax & Legal, Risk Advisory, Financial Advisory, Investment Advisory and Consulting to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte has in the region of 286.200 professionals, all committed to becoming the undisputed leader in the services they provide. Aggregate revenue of DTTL member firms for the Fiscal Year to 31 May 2018 was US\$43.2 billion compared with US\$38.8 billion for the Fiscal Year to 31 May 2017.

DTTL has adopted certain policies and protocols in each of these areas in an effort to establish a consistently high level of quality, professional conduct and service in all member firms. This structure confers significant strengths, combining high quality standards and methodologies with a deep understanding of local markets and a sense of responsibility and initiative among professionals who have a direct stake in the integrity and growth of their respective practices.

#### **Deloitte Limited**

Deloitte Limited in Cyprus operates from three locations in the towns of Nicosia, Limassol and Larnaca. Deloitte Cyprus has 32 partners within its 679 professional staff members as at 31 May 2018. Nicosia has 384 staff members, Limassol 273 and Larnaca 22.





#### **Deloitte Investment Services**

The Wealth Advisory consulting services of Deloitte are provided through Deloitte Investment Services Limited ("DIS"). DIS is a licensed and regulated Cyprus Investment Firm under the supervision of the Cyprus Securities and Exchange Commission to provide Investment Services, and in particular Investment Advice, to Private and Institutional clients

#### **Deloitte Legal**

Hadjianastassiou, Ioannides LLC, a private

#### The Deloitte network

The Deloitte network is a globally connected network of member firms and their affiliates. **Professional** standards

**Shared** values



**Systems** of quality control & risk management

#### **Deloitte Cyprus: governance - leadership** in action

For more information about the Deloitte

network, please see: About Deloitte.

The leadership and management of the firm are underpinned by strong governance structures, including a quality and risk function that provides oversight of the Audit & Assurance business.

Maintaining strong governance and leadership structures helps us maintain high levels of quality and integrity and earns the trust of clients, our people, the capital markets, and the public.

limited liability lawyers' company registered in Cyprus (Reg. No. HE227297), regulated by the Cyprus Legal Council and the Cyprus Bar Association (www.cyprusbarassociation.org) (CBA Reg. no. 22) has become in September 2016, an affiliate firm of Deloitte Limited, a private company, registered in Cyprus (Reg. No. HE162812) and a Cyprus member firm of Deloitte Touche Tohmatsu Limited

#### **Network description**

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)<sup>2</sup>

Deloitte Touche Tohmatsu Limited is a UK private company limited by guarantee. 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.

## The Board of Directors/Partners ("Board")

Our Board is responsible for protecting the interests and reputation of the Firm and its partners, and for overseeing management and operations at a strategic level.

The Board ensures the Firm has an appropriate structure for corporate governance and has specific oversight of quality and risk. The Board comprises the CEO, the Chairman and all of the directors (commonly referred to as "partners") and meets on a monthly basis. Additional meetings may be called.

The Board has established five committees to ensure appropriate management focus on significant matters and to assist the Board in discharging its role.

- Management Committee
- Governance Committee
- Risk Committee
- Partner Evaluation and Nomination Committee
- Audit Quality Committee (AQC)

It will also establish ad-hoc additional committees as and when the need arises.

Biographical details of members of the Firm's governance structure and Management Committee are provided within Appendix D.

#### The Chief Executive Officer

Our CEO has full executive authority for managing the Firm. The CEO is nominated by a Board appointed committee comprising of 4 equity partners, and then elected by the full Board for a five year term. Unless approved by an increased majority, or, as is currently the case, it is within a grandfathering arrangement, the maximum term is 10 years.

The overall responsibility for developing, implementing and monitoring quality policies and procedures and risk-related matters rests with the CEO.

#### **The Management Committee**

The Management Committee manages the Firm's day-to-day activities. The Committee comprises of 10 members and meets at least monthly.

#### The Governance Committee

The role of the Governance Committee is to oversee the activities of the Management Committee on important issues and deal with any issues delegated to it by the Board. Its objective is to ensure that the decisions taken by the Firm are in the Firm's, and its partners as a whole, best interests. Therefore, it will give guidance on all matters it considers necessary including regulatory and fiscal issues, partner evaluations and policy formation and has the right to be present at meetings of the Management Committee should the need arise.

The Governance Committee consists of 3 members, is chaired by the Chairman of the Board and meets quarterly unless additional meetings are required.

Members of the Management Committee are precluded from serving on the Governance Committee. Appointed by the partners by simple majority, the elected term lasts for 5 years. No partner can serve in the Governance Committee for more than two terms unless the partners decide otherwise by increased majority.

















































#### The Risk Committee

The Risk Committee supports the business in providing professional services to clients. It oversees and advises on risk management functions, including quality agendas across the Firm. The Committee comprises of the RRL, all service line risk leaders and a voice from each sector of the Firm's ORM processes including independence, ethics, confidentiality etc. It has scheduled meetings every two months.

#### **Partner Evaluation and Nomination** Committee

The role of this Committee is to evaluate the performance of the partners on an annual basis in a fair, equitable and transparent manner.

Further, the Committee is responsible to identify and put forward to the Board suitable candidates for admission, appointment or election to various key leadership positions within the Firm up to and including the CEO.

The Firm's RRL acts as a consultant to the Committee with regards to partners' performance on risk and quality issues.

The Partner Evaluation and Nominations Committee consists of 4 members who are appointed by the Board by simple majority for a two-year term. No partner can serve in the Evaluation Committee for more than two terms unless the partners decide otherwise by increased majority. When the members of the committee are evaluated, a further 3 partners have been elected to perform this specific task.

#### **Audit Quality Committee (AQC)**

The Audit Quality Committee extends and broadens audit quality governance. Consisting of six highly respected, senior and technical partners whose role it is to jointly support the National Professional Practice Director (NPPD), the Audit & Assurance Business Leader (ABL) and the Audit & Assurance Risk Leader (ARL) in taking key decisions that will push the audit quality agenda forward, and, at the same time, serving as a consultation panel for larger and more complex issues. It holds meetings on a quarterly basis but may meet more frequently if the need arises.

#### Audit & Assurance (A&A) Quality & Risk and Accounting Technical functions

The A&A Quality & Risk and Accounting

Technical functions are led by Alexis Agathocleous and Andreas Andreou as the ARL and the NPPD respectively. As the Audit & Assurance Risk Leader, Alexis has the operational responsibility for overseeing the risk management program. As NPPD, Andreas has the operational responsibility for the System of Quality Control and is responsible for all decisions relating to the interpretation of accounting and auditing matters. Together they are responsible for implementing the quality agenda, establishing function- specific policies and procedures, audit technical training, monitoring and risk mitigation, and supporting engagement teams on a day-today basis on audit technical and risk matters. Moreover, in terms of quality and risk they reinforce key messages, raise awareness of quality and risk matters and help the business to be more agile in responding to

Both are members of the Audit Quality Committee.

new developments.

#### 02 **Deloitte Network**

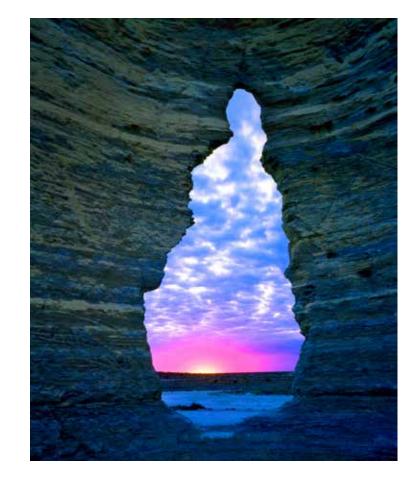
Deloitte Cyprus operates as a legal entity, established under EU law with registration number 162812. The registered office is held at 24 Spyrou Kyprianou Avenue, 1075 Nicosia, Cyprus.

The leadership and management of the Firm are underpinned by strong governance structures, including a quality and risk function that provides oversight of the Audit & Assurance practice.

For the members of the Board, Management Committee and Governance committee please refer to Appendix D.

Maria Paschalis, Audit & Assurance Business Leader, is appointed by the Deloitte Cyprus' CEO. Maria Paschalis and senior management develop and implement the strategy for the Audit & Assurance practice, including related policies and procedures. In all of their activities, Deloitte Cyprus senior leaders are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements. Deloitte Cyprus' strategy is developed in alignment with the overall strategic direction established for the Deloitte network.

Deloitte Cyprus Audit & Assurance leaders participate in Deloitte network groups that set and monitor quality standards, and from which a number of audit quality initiatives emanate.





























#### 03

# What Deloitte Audit & Assurance brings to capital markets

















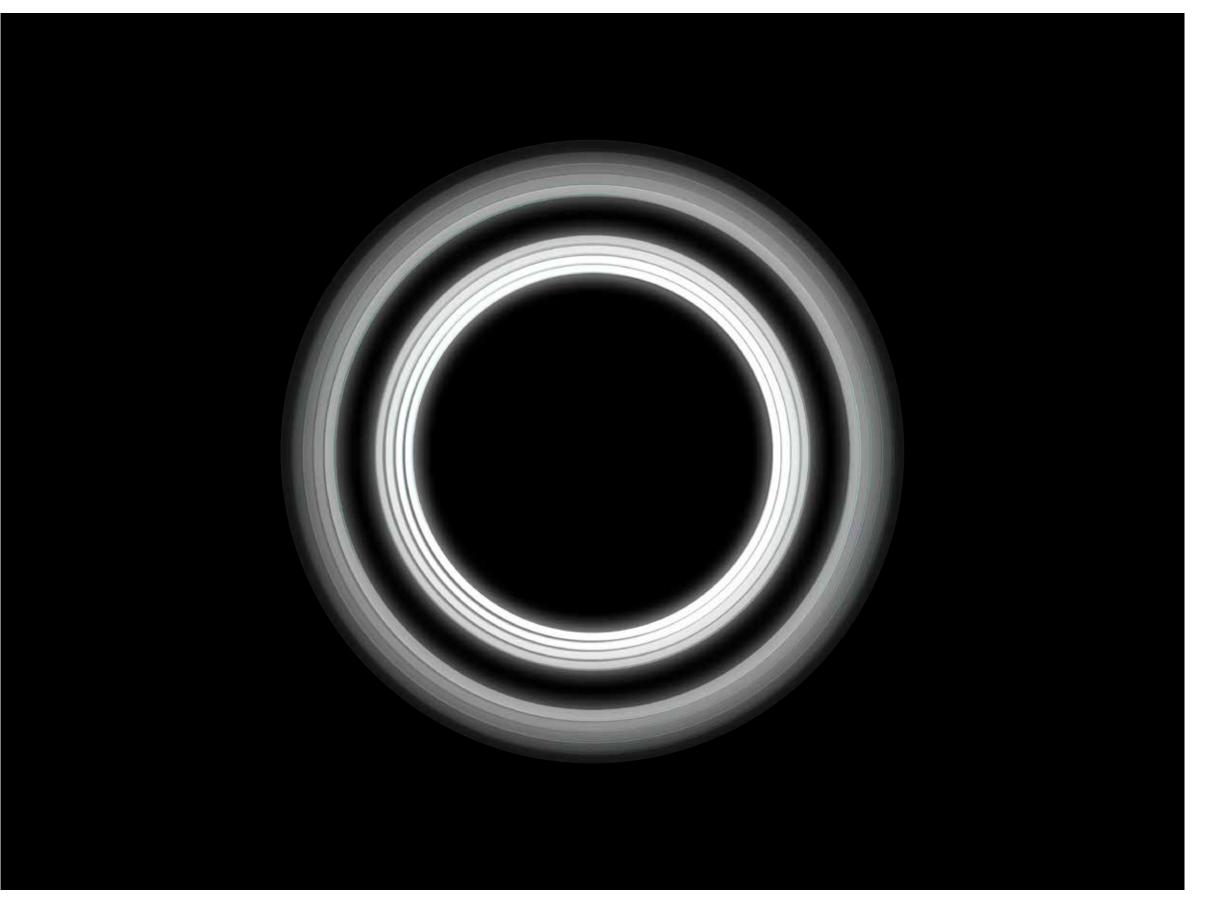




































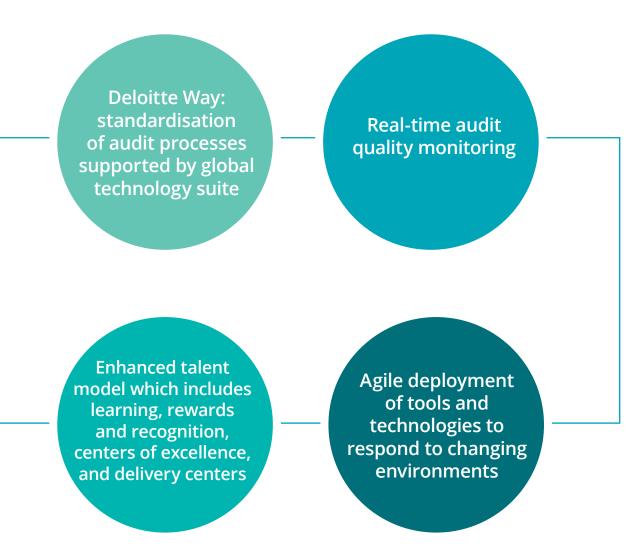




#### **Audit & Assurance Transformation**

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 across the Deloitte network, including Deloitte Cyprus.

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





























#### **Deloitte Global leadership**

The Global Audit & Assurance Leadership Team is led by Panos Kakoullis, Global Managing Director Audit & Assurance. Global Audit & Assurance responsibilities include:

- Developing and driving Audit & Assurance strategy
- Setting audit methodology standards and approving audit policy and methodology changes with the objective of enhancing audit quality across the Deloitte network
- Driving key audit quality initiatives and policies across the Deloitte network

It is very clear for Deloitte Cyprus that the rhythm of evolution in the Audit & Assurance practice around the world is accelerating and undoubtedly, the audit of the future will be something very different to what we are experiencing today. The digital revolution currently underway is something beyond imagination that is expected to bring new challenges and opportunities for our profession, our clients and our people. Hence, we are making sure through our actions that we are taking the necessary steps to not only embark on this journey but also to lead the way for our peers!

#### Audit engagement acceptance and continuance

As a part of Transformation efforts, global initiatives are underway to foster a standard approach to audit engagement acceptance across the Deloitte network, resulting in consistent decisions and consideration of risk.

From the very start, we incorporate quality across all of our client engagements. It is all about accepting the right clients, understanding their risks and formulating an appropriate audit response to address them.

Deloitte Cyprus 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 Cyprus 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.

• Has considered the integrity of the potential client's management team.

Our rigorous policies, procedures and approval processes in place include as noted above a documented evaluation of the client's risk profile and information regarding the client and its management. The client and engagement risk is classified as normal, greater than normal, or much greater than normal. The decision to accept appointment is approved by the Firm's Risk Leaders if engagement risk is assessed as greater than normal and in addition by the RRL if the risk is assessed as much greater than normal.

In this process, we focus on confirming that we have the capacity and capability to act, that we can comply with relevant ethical and independence requirements, and that we have considered the integrity of the client (See Table 1).

These comprehensive policies and processes comply with Anti-Money Laundering Laws and the Directive of ICPAC together with the Deloitte Audit Approach, International Standards on Auditing and the IFAC Code of Ethics for Professional Accountants as issued by IESBA.





























# Table 1: Client and engagement acceptance and continuance considerations

Risk	Consideration
Client risk	<ul> <li>Management characteristics and integrity</li> <li>Organisational and management structure</li> <li>Nature of the business</li> <li>Business environment</li> <li>Financial results</li> <li>Business relationships and related parties</li> <li>Prior knowledge and experience of client</li> </ul>
Service risk	<ul> <li>Nature of the engagement</li> <li>Team competence to handle the technical aspects of the specific engagement</li> <li>Availability of competent team</li> </ul>
Engagement risk	• Specific engagement risk
Independence	<ul> <li>Financial and other relationships</li> <li>Non-audit services</li> <li>Other threats: self-interest, self-review, advocacy, familiarity or intimidation</li> </ul>







03



















Our Firm's engagement risk assessment procedures provide a basis for tailoring the audit approach to address engagement-specific risks. For higher-risk engagements, additional risk management safeguards are applied, such as assigning a more experienced partner as the Engagement Quality Control Reviewer (EQCR), assigning a Special Review Partner in addition to the EQCR to much greater than normal engagements, involving experts or requiring a review of the engagement by the Audit Quality Committee.

Our engagement risk assessment begins at the client acceptance process. We perform an annual continuance assessment to determine if the Firm should continue providing services. In addition, any time an entity changes significantly (for example, a change in ownership), the Firm considers whether to continue the relationship.

## **Engagement team selection and expertise**

The selection of the engagement team is key to developing and executing a high-quality audit. Every audit engagement is led by a partner, and our engagement partners are fully responsible for the services they provide.

The engagement partner is responsible for ensuring that the professionals assigned to each engagement have the required competencies.

#### Partner-led approach

A partner-led approach is one of the primary elements of the Deloitte Audit Approach. Their involvement is required from the very outset of any client relationship and engagement, with partner-led planning at the foundations. All partners who act as engagement partners for statutory audits are registered statutory auditors in accordance with the Law and local Institute requirements.

## Bringing the breadth and depth of Deloitte knowledge to industry

Our Firm benefits from industry specialists and groups, which are led by partners with deep industry knowledge and expertise. These groups share their understanding of markets and industry sector developments and they bring this knowledge to bear on audit engagements. This is particularly important at times of significant uncertainty or change.

#### **Use of Experts**

While the audit engagement partner retains responsibility for all aspects of the

engagement, there are instances when the engagement team utilises an expert – and this person is not considered part of the audit team. In such instances, the engagement team evaluates whether the expert has the necessary competence, capabilities, and objectivity.

In evaluating whether or not the expert's work contributes to the sufficiency and appropriateness of the audit evidence in support of the financial information, the engagement team considers:

- The source data used,
- The assumptions and methods used and, if appropriate, their consistency with those used in the prior period, and
- The results of the expert's work in light of the engagement team's overall knowledge of the business and of the results of its audit procedures.

# The right engagement team is key to audit quality

Considerations for engagement team selection, among others:

• Size and complexity of the entity's business





























- The applicable financial reporting framework used in preparing the financial statements
- Applicable independence considerations
- Any possible conflicts of interest
- The qualifications and experience of professional staff, including industry credentials
- The availability of staff to commit time to the engagement
- The portfolio and other responsibilities of professional staff

## **Executing with the right behaviours and a focus on professional scepticism**

We believe that creating the right culture, and focusing on the right mindset and practices, is key to achieving high-quality audits. We continue to reinforce the importance of demonstrating the right behaviours through our Audit Imperatives, which we believe are vital to a quality audit and for us to deliver on external stakeholder expectations. The Audit Imperatives are a list of core actions requiring audit team focus.

We continually emphasise the importance of our role as evaluators. This is reflected in many aspects of our methodology, procedures and training. We also create audit working environments that take a "design" approach to issue identification and problem solving. In our audit documentation and when reporting to those charged with governance, we include discussions on areas of significant professional judgement to make it clear how we have exercised scepticism and the challenges we have made in reaching our conclusions.

Given the increasingly complex nature of our clients' businesses, engagement teams often also involve specialists from across the Firm, and sometimes from the Network, with expertise in areas such as valuations, tax, actuarial services, analytics and information technology. This informs how we exercise our judgement and brings the best of Deloitte to the audit.

#### **Audit methodology and tools**

Our audit methodology requires us to develop an understanding of the client's business and risks, and apply this to the design and execution of our audits.

Our state of the art audit technology platform "Engagement Monitoring System (EMS)" enables comprehensive planning, performance, documentation and review of our work in accordance with the

International Standards on Auditing issued by the International Auditing and Assurance Standards Board of IFAC together with applicable network, professional, regulatory, and legal obligations. It enhances the consistent implementation of the Deloitte Audit Approach, which is accessible from within it and acts as a further gateway to guides, practice aids and thought leadership developed globally and locally to enhance quality and consistency across all audits.

2018 saw the adoption of the EMS platform in its second year of full implementation - following extensive technology and people based investment and in-depth trialling during the years before. Prior to this platform, AuditSystem/2 (AS2) was the technology tool used in practise.

On top of the enabling platform, engagement teams are further supported by a wealth of other resources delivered via the global and local intranet and the technical library in delivering professional excellence. This includes our policies, industry information, templates, tools, practice aids and answers to frequently asked questions.

The NPPD and the national office issue regular communications and host presentations to maintain focus on audit





























quality and inform or remind partners and practitioners about various matters in accounting and auditing, including clarifications on aspects of the Deloitte Audit Approach Manual, new policies, developments in financial reporting, or to convey findings from monitoring processes.

#### **Deloitte Audit Imperatives**

Deloitte audit teams are mindful of the global Audit Imperatives. Deloitte is committed to driving professional excellence through our Audit Imperatives; the relevant ones are evidenced whenever an audit is performed.

These imperatives reflect the priorities in the Global Audit business' quality agenda and assist us locally to achieve and raise our standards when it comes to audit quality.

#### **Consultation**

While each partner is empowered to make appropriate decisions for their engagements, we urge our engagement teams to consult whenever they need additional information, perspectives or specialised knowledge on accounting, auditing, legal, regulatory, ethical or other issues.

A consultative culture is integral to a quality

audit and is embedded firmly at Deloitte wherein our partners are encouraged to consult frequently and early with peers, subject matter experts and technical specialists from across the Firm and internationally within the Deloitte Network.

## Bringing the best of Deloitte to engagements

This approach enhances our capacity to answer complex questions.

Our consultation policy is designed to provide reasonable assurance that agreement is reached between the partner and team seeking consultation and the consulted, and that conclusions of the consultation are documented, understood and implemented. Audit partners and staff are supported by the National Professional Practice Director (NPPD), by the Risk and Reputation Leader (RRL) and by the Audit Risk Leader (ARL) and their teams. Their approach is responsive and consultative.

To facilitate the technical consultation process, the Firm has an International Financial Reporting Standards and Auditing consultation structure. For particularly complex issues or those that may have global impact or wider reach, consultations will be

escalated to Global Centres of Excellence including the Centre for Audit Quality. Records of consultations undertaken are retained and technology is assisting with this process.

#### Technical expertise - accounting

The IFRS Technical Team is a dedicated group of accounting specialists who provide support to engagement teams on financial reporting matters, under a formal and documented consultation process. The team has access to global expertise within Deloitte's IFRS Centres of Excellence.

#### Technical expertise - auditing

The audit quality and risk resources and auditing experts focus on audit quality and risk management, including providing first-line support and consultations to our engagement partners and teams. Throughout their engagement with practitioners and regular communications, the team champions the importance of audit quality.

They may escalate the consultation to the Audit Quality Committee and from there, to the Global Centre of Excellence for Audit Quality if appropriate.

#### Differences of opinion

An audit requires professionals to exercise





























judgement, which can result in differences of opinion. When these arise, either among members of the engagement team or between members of the engagement team and consultants, we use resolution policies and procedures. These include escalation processes to resolve differences and requirements for documenting outcomes.

# **Engagement documentation and security**

Maintaining client confidentiality is of the utmost importance to Deloitte. So much so that during this reporting period, we have invested significant resources to achieve the ISO27001 International Standard for information security management.

#### Confidentiality, Privacy and IT security

The importance of maintaining confidentiality both physically and through IT systems around client and other relevant information, particularly private information, is continually emphasised to our people and our approach to encryption, ethical walls, clear desk policy, data leakage prevention and all aspects of security underpins this commitment.

Our policies require all confidential information held on the Firm's laptops to be encrypted, and our professionals are

educated to take the utmost care with such information, whether verbally, in hard copy or in electronic form. Reducing the volume of data which resides on the laptops of our professionals continues to be a key area of focus.

In order to gauge the effectiveness of what we do locally, we undertake penetration testing of our IT systems together with the internal management review procedures undertaken as part of our ISO27001 continued compliance.

To further emphasise the significance of these policies to the Firm and network, our people are asked to make an electronic declaration annually of their understanding and compliance. Further, the Deloitte network undertakes annual Confidentiality and IT security compliance visits to determine our compliance levels with the policies of the Firm benchmarked against global standards.

#### Confidential Information (CI) Program

Our CI Program on select engagements has been enhanced to protect even further the confidential, and/or private nature of, information to be handled in its execution.

#### Incident response

We have established processes and a pool

of experts, who are sitting ready to lend their expertise and be members of a customised Incident Response Team to ensure that, in the unfortunate event of a possible unauthorised leak of CI howsoever caused or placed at risk, our Firm will be able to respond with top-class promptness to mitigate any consequences to all concerned and meet regulatory requirements.

#### **Engagement documentation**

Firm policy requires audit files to be archived in accordance with relevant requirements, which more often than not, for the Firm's engagements, means within maximum of 60 days of the audit report date, and archiving is monitored closely. Non-compliance with the archiving policy affects partner performance and our Practice Office Review Program rating.

The Firm's policies and procedures address the retention of documents (in paper and electronic form) including addressing the confidentiality, safe custody, integrity, accessibility, and retrievability of archived documentation.

The Firm has taken significant strides during the Transparency period towards achieving paperless audit documentation.





























# Audit Imperatives

Core principles



Act with integrity, ethics and professionalism



Recognise the important role of auditors



**Always learn** 



**Continually improve** 



Live audit quality

### FY18 priorities



Internal control



Risk assessment



**Accounting** estimates



**Consultations** 



Transformation of audit delivery



New accounting standards



Optimisation of audit execution



**Supervision** 

























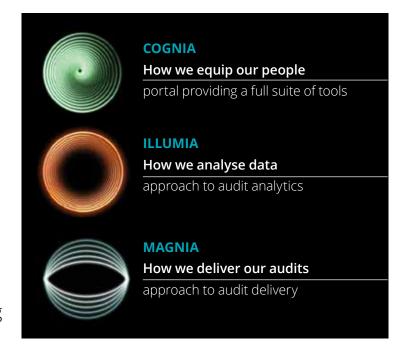




#### Audit innovation<sup>1</sup>

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 Cyprus auditors are enhancing procedures by making more use of technology-based analytics, Artificial Intelligence (AI), cognitive & cloudbased 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 Cyprus to stay in front of technological advances used by the entities that we audit.

Innovation and analytics is an integral part of the entire audit delivery process, and is used for driving positive, disruptive change to revolutionise what Audit can do – and how. It is supported through Deloitte's three leading platforms: Cognia, Illumia, and Magnia.



We have been using analytics in our audits for some years now and our aim is to continue to evolve and improve our usage of the relevant tools in our effort to support auditors and enhance their effectiveness and efficiency.

This is evidenced by our continued investment in market-leading data analytic techniques that will allow us to apply more sophisticated and comprehensive data and audit techniques on selected audit engagements and to dive deeper into risk assessment and the detailed audit testing.

Beginning our journey with Excel Analytics, relatively new in Cyprus, is the Illumia platform which is currently being mobilised with preparatory work underway.

Analytics have also been made accessible to all practitioners by introducing Excel Analytics and monitoring its application on selected audit engagements.

#### **Learning and development initiatives**<sup>2</sup>

Central to the Audit & Assurance Transformation initiative are various enhancements to the Deloitte talent model:

- A single, global Audit Learning Curriculum for auditors (supplemented based on local requirements as needed)
- Specific learning opportunities for traditional auditors (e.g. on big data) and specialists (e.g. audit skills). Mixed composition of traditional audits and specialists on engagement teams provides complementary skillsets, but also the need for different learning offerings
- Enhanced project management, which is viewed as a key capability for the auditor of the future, and as such, is being integrated into talent strategies (e.g. recruitment and learning).





























<sup>&</sup>lt;sup>1</sup> For more information about Deloitte audit innovation, please refer to Global Impact Report.

<sup>&</sup>lt;sup>2</sup> EU transparency reporting requirement: a statement on the policy followed by the audit firm concerning the continuing education of statutory auditors.

The objective of the Deloitte Cyprus 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 Cyprus provides formal continuing professional development programs in relevant subject areas consistent with the Deloitte Global Audit Curriculum. These programs are tailored made and designed to address the learning needs of practitioners of different levels and as such, they are delivered to specific audiences ahead of each busy period. New joiners, assistants and experienced assistants are attending milestone programs aimed to provide them with the required skillset and knowledge to efficiently and effectively perform their assignments. Newly qualified people up to the level of Partners are attending the Audit Excellence Courses with is developed to reinforce the key requirements relating to the ongoing focus areas of continuous improvement and to respond to recent practice review findings for key areas. The program is of utmost importance as it is

built around practical examples to highlight leading practices with a focus on improving audit quality. Moreover, members of the Audit Management team are also attending the IFRS Excellence Courses, which are aimed to develop people's basic skills in applying key principles, identifying the key judgment areas related to adoption of a specific IFRS, establish the impact of a specific IFRS on clients' businesses, and to identify business opportunities to support clients in adopting a new IFRS.

All courses noted above fall within the mandatory content of the Global Audit Curriculum and as such the Learning Team closely monitors attendance with disciplinary actions being taken were necessary. Certain non-mandatory courses are also delivered to practitioners on an as needed basis to cover for changes and updates in the local regulatory and tax environment.

The importance given to Learning and Development is also evidenced by the fact that Deloitte Cyprus adopts minimum levels of continuing professional development to be undertaken by partners and other professionals within a specific period of time. These levels include a minimum of 20 hours of structured learning per year and 120 hours of structured learning in every three-year period (i.e., an average of 40 hours per year). To achieve these levels of development, Deloitte Cyprus offers structured, formal learning programs, such as internal or external courses, seminars, or e-learning covering all areas of the competency model (e.g., shared competencies, function-specific technical competencies, and competencies in areas of specialisation).



















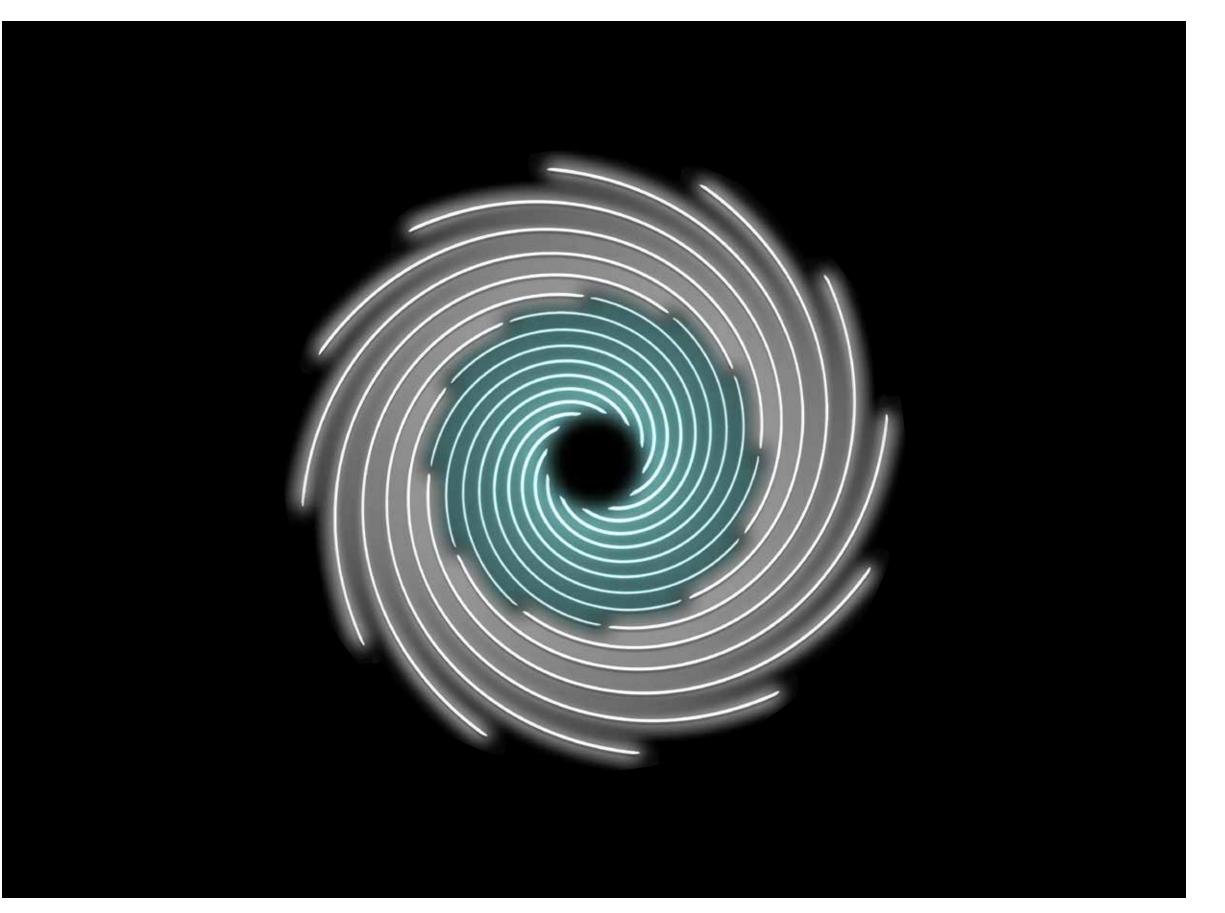


















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# **External and Internal Monitoring**





























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





















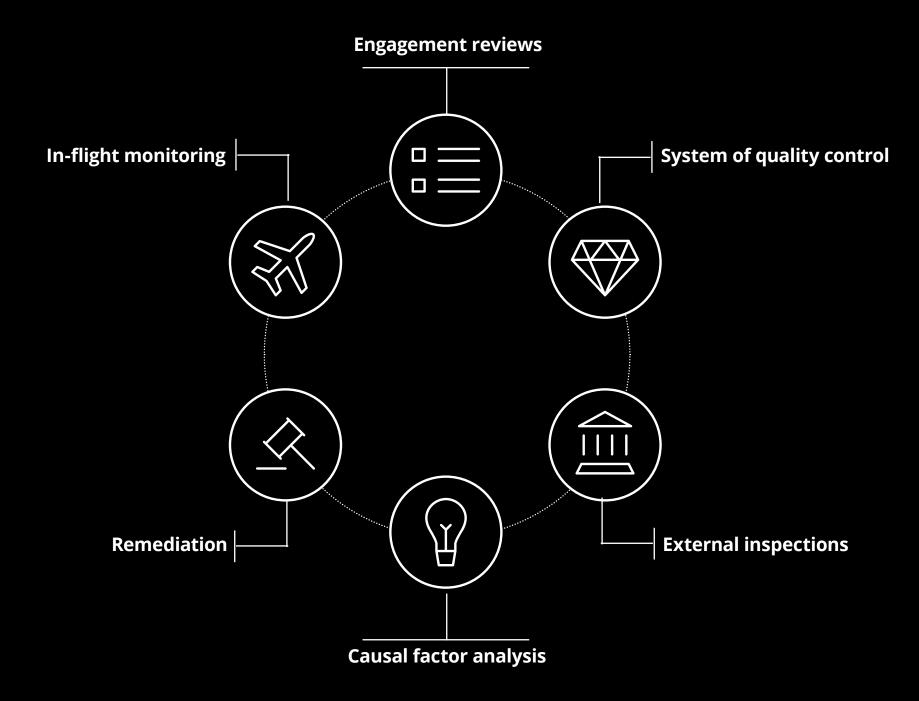








# Audit Quality Monitoring & Measurement





























#### 04 External and Internal Monitoring



#### **In-flight monitoring**

Continuous audit quality monitoring by Deloitte Cyprus 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 Cyprus audit quality leaders to continuously monitor audit quality and take immediate action
- A program of health checks to assist
   Deloitte Cyprus audit quality leaders in
   assessing progress and identifying potential
   issues on in-flight engagements
- The selection is focused on PIEs and high risk engagements with 40% of PIEs being selected in the current year
- Subject specific health checks have been developed by Deloitte and are designed to identify issues on ongoing engagements so that corrective action may be taken
- •The results from "in-flight" monitoring are

used to develop targeted learning to audit staff

• An integrated approach to monitoring and measuring execution of the audit methodology enhancements.

#### DELOITTE PRACTICE REVIEW PROGRAM



#### **Engagement reviews**

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

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

We take all observations very seriously; no matter how small they may seem. We respond vigorously to opportunities to enhance the quality of our audits.



























 Partners receiving ratings below a certain level have additional engagements selected for review and are automatically reviewed

the following year. No partners from the

Cyprus Firm have received such ratings

 Findings are incorporated into partner performance assessments and poor performing partners may be sanctioned depending on the severity of the findings

In recent years, the scope of the engagement reviews has been further targeted by focusing the selection on high risk engagements and ensuring those partners auditing public interest entities or transnational entities are reviewed at least once every 3 years whilst other partners' reviews may be extended to 5 years subject to certain approvals from Deloitte Global. In addition, partner candidates are in scope in their candidacy year or within the first year following admission.

#### 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.

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.

Following the global firm's comprehensive effort to identify metrics, we undertook to implement a set of quality performance indicators (AQIs) - that we also believe are correlated to high audit quality and thus can further drive forward our quality goals.

While no one metric alone can determine quality, in aggregate, we believe the use of AQIs will further reinforce behaviours that support high audit quality. Each year a full set of pre-determined AQIs are reported to our Network which going forward will be reported

on a quarterly basis. Our measurement and benchmarking process with these AQIs provides the leaders of our practice and globally with data that enhances our ability to monitor our practice and make appropriate adjustments on a real-time basis. AQIs are integrated with ongoing AQMM activities.

## © 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. An Audit Quality Plan is prepared by Deloitte Cyprus and provides for effective implementation and monitoring of key audit quality priorities.

#### **Portfolio reviews**

We conduct annually conduct a full review of all the partners' audit portfolios in relation to risk, independence and availability of





























#### 04 External and Internal Monitoring

resources to fulfill the engagement at levels of high quality.

This significant exercise is very comprehensive and results in individual partner action plans that ensure quality and risk minimisation and is very much valued by the Firm as a risk management tool.

#### **External inspections**

In addition to Deloitte Cyprus' own monitoring of audit quality, we are subject to external reviews by the Cyprus Public Audit Oversight Board (CyPAOB) and local Institute of Certified Public Accountants of Cyprus (ICPAC). Deloitte was inspected towards the end of 2015 by ICPAC, in its supervisory role, and the review was successfully concluded with minimal deficiencies noted. The next Inspection is scheduled for 2021.

The CyPAOB was formed in 2016 and has the overall responsibility for the audit profession in Cyprus. Their inspection covers the Public Interest Entities (PIEs) as defined in the law.

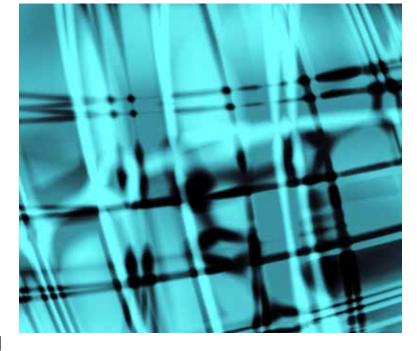
2016 saw Deloitte's first visit for the purpose of monitoring the Firm's compliance with

ISQC1 with a follow up visit in 2017. In 2016 four engagements were selected for review with a further two selected in 2017. The 2018 inspection is in progress with two engagements selected.

Findings and comments are currently communicated in a private report to each individual firm. We have taken any comments we have received in the spirit intended and worked responsively to address them aligning ourselves with Deloitte's "agree and accept" approach.

# Statement on the effectiveness of the functioning of the internal quality control system<sup>1</sup>

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.





























# Supervision and review

#### **Audit Quality**

A sustained focus on audit quality is of key importance to the Deloitte brand and it is critical that a Deloitte audit is consistently supervised and reviewed, with more focused reviews for higher risk engagements.

#### **Engagement team supervision**

The overall supervision of each audit is the responsibility of the engagement partner. Each Deloitte audit receives the appropriate level of supervision to ensure the issued report being appropriate in the circumstances.

#### **Engagement team reviews**

Review procedures are a key to our risk mitigation strategies. Therefore, there are several built into our processes (see table 2).

#### **Review of working papers**

A review of the audit documentation is required to be performed by a member of the engagement team who has more experience than the preparer. Elements of audit documentation may be reviewed by several team members in reaching the audit conclusion. All levels of reviews are documented in our audit system and are appropriately monitored.

#### **Strategically focused Engagement Quality Control Reviews**

An Engagement Quality Control Review (EQCR) is performed for all audit engagements meeting certain criteria. Our EQCR processes place focus on those engagements with the most to benefit such as public interest entities and other high risk engagements as well as the larger audit engagements.

The review is performed by a partner or a member of the management team who is not directly involved in the engagement and who has the appropriate experience and knowledge about applicable accounting and auditing standards and regulations.

Our audit approach requires that audit engagements are adequately planned, supervised and managed so that the work performed provides reasonable assurance that it complies with our policies and professional standards. The overall supervision of each audit is the responsibility of the engagement partner.





























### 04 External and Internal Monitoring

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. Appropriate experience and knowledge includes experience and knowledge of the entity's industry, economic environment, and accounting principles. For all public interest entities and all high risk engagements, the review is performed by a partner with sufficient and appropriate experience and professional qualifications to act as an engagement partner on these types of audits.

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 judgements made and the conclusions reached were not appropriate in the circumstances.

### **Special Reviews**

For engagements that have been identified as having Much Greater Than Normal risk or those engagements the Firm decides to place in its risk management program, a Special Review Partner (SRP) 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 specialised industry and technical skills applicable to the engagement and, in certain situations, can provide specialised resources.

### **Engagement Supervision involves, amongst others:**

- Tracking the progress of the Engagement to ensure that it will complete on time
- Considering the competence and capabilities of individual members of the Engagement team, whether they have sufficient time to carry out their work, whether they understand their instructions and whether the work is being carried out in accordance with the planned approach to the Engagement
- Addressing significant matters arising during the Engagement, considering their significance and modifying the planned approach appropriately
- Identifying matters for consultation or consideration by more experienced Engagement team members during the Engagement. Our practitioners are constantly encouraged to consult on matters that arise including with specialists when appropriate.





















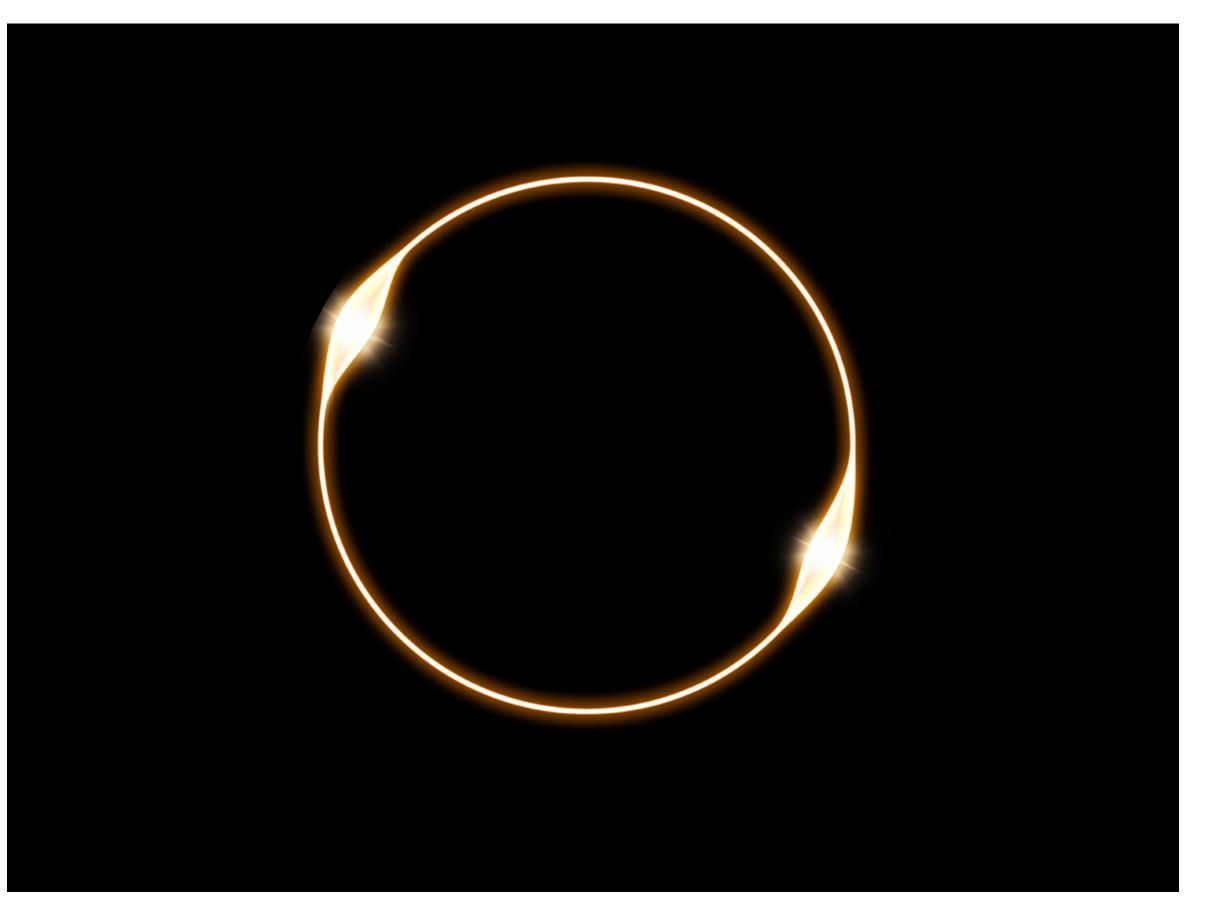






# Table 2: Deloitte's review policies and procedures for audit engagements

Type of review	Required on	Performed by	Review objective
Working papers	review		
Detailed review	All engagements	A more experienced member of the engagement team	To consider whether:  • The work has been completed appropriately  • Any significant matters have been raised for further consideration  • Appropriate consultations have taken place and the resulting conclusions documented  • There is a need to revise the nature, timing and extent of planned audit procedures  • The evidence is sufficient to support our report  • The objectives of the engagement procedures have been met
Primary review	All engagements	Manager, Director or Partner	
Overriding review	All engagements	Partner	
Engagement Qu	ality Control Rev	iews	
Engagement Quality Control Reviews	Listed and high risk other entities	Partner	<ul> <li>To consider whether:</li> <li>The conclusions reached on significant judgements made by the engagement team are appropriate</li> <li>The audit documentation selected for review in relation to the significant judgements supports the conclusions reached</li> <li>Appropriate consultations have taken place and the resulting conclusions documented</li> <li>The engagement team has made an appropriate evaluation of independence</li> <li>The report is appropriate after reviewing the financial statements</li> <li>Appropriate matters have been considered for reporting to those charged with governance</li> </ul>
Engagement Quality Control Reviews	Other entities	Manager, Director or Partner	
Specialist reviev	VS		
Professional Standards Review	Selection of engagements	Manager or Director	<ul> <li>To confirm that all required quality control procedures have been completed</li> <li>To challenge the key elements of the engagement and monitor performance in accordance with the Firm's policy</li> <li>To consider the appropriateness of the type of the audit opinion to be issued and the wording of any modification or emphasis of matter</li> </ul>
Special review	Much greater than normal risk entities	Partner	





























05

### **Talent and Learning**

The people of Deloitte are relentless questioners, deeply skilled in diverse disciplines. In every engagement, we combine deep sector specialisation with a breadth of subject matter skills and experience.

















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### **Talent**

Our people and our culture are what makes Deloitte unique. There is a strong spirit of collaboration that defines who we are and that is underpinned by our values and behaviours. We hire exceptional talent, hand picking the right people with the right cultural fit, that will make an impact that matters to our clients, our colleagues and society.

#### **Global Talent Standards**

One of our firm-wide priorities is to deliver a globally uniform level of quality in each of our core services, including Audit & Assurance, so that our clients experience a consistent, exceptional Deloitte. To achieve this, we measure up to Global Talent Standards, which clearly articulate essential practitioner capabilities at a given level for each of our Global Businesses, Core Services and Service Lines. They define the most critical capabilities that practitioners across all Member Firms need to demonstrate on a globally consistent basis.

The Global Talent Standards serve as one of the foundations for recruiting, managing, developing and acknowledging our professionals.

### **Talent acquisition**

We strive to be an organisation where our people can thrive. With a focus on development, flexibility, and well-being, we recruit from the best and brightest in the business. Our culture is centred around inclusion, collaboration, high performance, integrity and opportunity. We are proud to be recognised as a celebrated place to work.

Our talent attraction and advancement practices are designed so that we have sufficient, high-calibre resources essential to live up to our commitment to service quality and professional leadership and meet our aspiration.

Our recruits are highly talented, well-rounded graduates and experienced hires, with strong

technical capabilities and who demonstrate competencies in line with our Global Talent Standards.

We adopt a blended approach to talent attraction, including:

- Developing relationships with student bodies of overseas universities by hosting various events within our facilities
- Delivering "in the field" presentations to local Universities
- Visiting targeted universities both in the UK, during the "milk round", and at home to deliver presentations and meet prospective candidates
- Participating in careers fairs at colleges and high schools around the island.





























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- Recruiting and seconding, both within our global mobility program and externally, top performers who have a command of Russian or other languages central to serving certain sectors of our client base. Recognising the reach of social media. Hosting a distinctive Summer Internship Program
- Implementing an innovative 5-month placement program in cooperation with the Accounting and Finance Department of the University of Cyprus and ICAEW, which gives students the unique opportunity to gain practical experience, an invaluable insight into working life and a great way of getting a feel for the career opportunities available at Deloitte.

### **Measuring and rewarding performance**

### **Performance Management**

Performance Management (PMA) is a key tool that permits the Firm to maximise its human resource potential through motivational techniques and identification of developmental needs on a timely basis. Our approach allows us to develop our people not only through structured learning but also by appropriate mentoring, on-the-job training, developmental meetings and other support activities.

### **Developmental approach**

Targeted developmental conversations are held to assess the performance and contribution of our professional and support talent within Audit and in every service line, and hierarchical level against the respective Competency Framework and Global Talent Standards.

Competencies refer to the set of skills, knowledge and behaviours that our professionals need to demonstrate.

During this process, feedback is provided on specific engagements from fellow team members and from partners, to portray a rounded view of individuals' performance and developmental needs. The evaluation of professionals for promotion involves a detailed scrutiny of personal performance, with quality at its core and linked to Global Talent Standards.

### Adding value for our people

The added-value given by the Performance Management processes consists of:

- Consistency in quality of feedback between all staff
- Focused quality performance conversations,

- Timeliness of the feedback given to our people
- Improving our ability to retain top talent
- The early identification of development needs which can be readily translated into a Learning Plan.

#### **Rewards**

Our PMA process feeds into our remuneration model whereby the contribution of an individual is the key factor. This contribution is measured through competencies which consider quality in work execution as fundamental.

We also operate annual bonus scheme, participated in by manager level employees and above, to recognise, inter alia, the demonstration of individuals to exceptional audit quality. The partners have a separate bonus scheme as detailed in the Appendix.

#### 180° feedback

Our increasing use of web-enabled technology to capture 1800 feedback from team members allows us to obtain a rounded view of Managers' performance and development needs and for those individuals to benchmark themselves against their colleagues. The purpose of the scheme





























### 05 Talent and Learning

is to provide information to team leaders, managers and partners relating to their effectiveness in leading and managing their teams to enable them to:

- Understand and appreciate their strengths and acknowledge developmental areas
- Further enhance their leadership and management skills and develop self awareness

We are confident that these actions, led by our partners, create an environment where achieving high quality is valued, invested in and rewarded.

### **Career and personal development**

Policies and procedures for personal development and advancement have been established to provide reasonable assurance that professional staff selected have the required knowledge, qualifications, competencies and skills, necessary to fulfil the responsibilities that they will be called on to assume.

Key policies and procedures are determined below:

 Predetermined competencies required to perform effectively at each level have been established (Global Talent Standards)

- Advancement policies and procedures that identify the experience and performance qualifications for advancement to each level have been clearly defined and communicated to the Firm's professional staff. Sprint Path is in place, the purpose is to provide an accelerated promotion path for members who are designated as "high potential/talent"
- Procedures for regular performance evaluation have been implemented
- A counselling program to assist professional staff in identifying a transparent, and at the same time, realistic career path and a targeted development plan to help them realise professional goal
- We continue to lead the way in our approach to fostering an inclusive culture through, for example, learning programs on inclusion; merit-based recruitment and assessment; ensuring no gender pay gap when considering like-for for-like positions; female representation in leadership roles; ensuring diverse composition in our workforce; etc
- Well-being needs are different for everyone.

We are committed to supporting the diverse well-being needs of our people in body, mind, and purpose. We provide multiple programs as part of our holistic approach to wellbeing, such as flexible starting time schedule; new dad leave; working mothers scheme; career break scheme; reverse mentoring practices; health check-up policy; give-up smoking scheme; ergonomic office equipment; congratulatory events, to name a few.

We are aware of the talent environment that we operate in. The Millennial generation (gen Y) are highly educated, tech savvy and are looking for high-paced employers that provide challenge and opportunities. We believe our actions and procedures address these needs.

### **KEY TALENT METRICS & ACCOLADES**

Making an impact that matters: a closer look at our key talent metrics and accolades.



























### **Investors in People**

Deloitte was the first organisation in Cyprus to achieve Gold recognition and International Champion status with the Investors in People (IIP) - and in 2014 became the first organisation to reconfirm it. Additionally, in 2017 Deloitte was awarded platinum accreditation, which is is the highest accolade that can be achieved against the Investors in People Standard and is currently held by only 1% of IIP accredited organisations.

This achievement confirms the leading position of Deloitte in its sector and confirms the effectiveness of its HR management and development practices.

Investors in People is the international standard for people management, defining what it takes to lead, support and manage people effectively to achieve sustainable re-



sults. Underpinning the Standard is the Investors in People framework, reflecting the latest workplace trends, essential skills and effective structures required to outperform in any industry. Investors in People enables organisations to benchmark against the best in the business on an international scale.

It has gained visibility in Cyprus over the last 10 years, when Deloitte pioneered the field and we are currently observing a sharp increase in client requests for Investors in People implementations.

Testimony to our continued excellent work in the realm of Human Resources, our Human Resources partner was appointed as an executive member of the Global Human Capital Extended Leadership Team of the Deloitte global firm in 2015.

### **Equality Employer**

We were one of the first organisations in Cyprus to be recognised as an Equal Opportunities Employer, by the Ministry of Labour, Welfare and Social Insurance, under the framework of the Program "Actions for reducing the compensation gap between male and female employees".

The award reflects the Firm's commitment in providing equal opportunities to all members of staff, a work environment which is free from discrimination. fear and harassment of any kind as well as recognition of each person's contribution to the Firm. At our Firm, providing equal opportunities goes beyond ensuring equality in the pay levels amongst genders and encompasses equality amongst all members of staff in relation to growth & development opportunities, in offering objective performance evaluation and fair career advancement opportunities, based on merit.























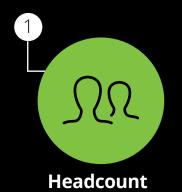






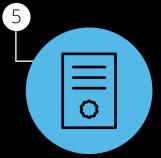
### 10 Cyprus Facts

As at end of or for FY18 (01/06/2017 - 31/05/2018)

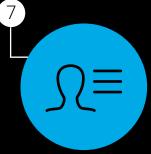


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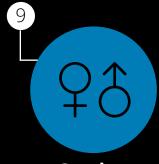




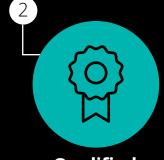
Students who became qualified accountants







Gender F: 406 M: 273





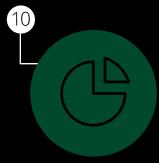




Worldwide prizes



Nationalities 12



Percentage increase in headcount over the last approximate 3 1/2 years











05

















### Learning

As today's auditors operate in an environment of rapid change and uncertainty, we are making significant investments in transforming how we perform our audits. With that comes a refreshed approach to learning. Our curriculum is designed to help our people grow professionally and personally while enhancing our ability to consistently deliver high audit quality through the use of innovative audit tools and methodology.

We're investing in learning and development opportunities for our people and making sure we provide various paths for them to succeed. No two people learn in exactly the same way. We've invested a great deal to create a rich environment in which our professionals can grow. So at Deloitte, we provide a range of resources including live classrooms, e-learning, digital learning, on-the-job learning, exposure to leaders, coaches, and challenging assignments to help our people reach their potentials. Additionally, our people attend courses at Deloitte University (DU) EMEA, Deloitte's learning centre in Europe, and which represents a tangible symbol of our commitment to our people's learning.

### **Professional development**

Our continuing professional development programmes focus on targeted professional development in both technical and non-technical topics.

The learning approach is designed to:

- Provide the right skills, at the right time, enabling quality outcomes for clients and rewarding career experiences for our people
- Keep partners and staff at the forefront of new developments in the accounting, auditing and regulatory environment
- Embed the Firm's quality and risk imperative in the Deloitte community.

The Firm has established policies and procedures designed to provide reasonable assurance that it has sufficient partners and professional staff with the competencies, capabilities, and commitment to ethical principles necessary to:

- Perform engagements in accordance with professional standards and applicable legal and regulatory requirements
- Enable the Firm to issue reports that are appropriate in the circumstances
- All audit professionals of Deloitte, whether qualified accountants or not, are required to complete at least 20 hours of Continuing Professional Education (CPE) each year and at least 120 hours every three years.





























### One Audit curriculum - globally

From the summer of 2016, we have adopted the new mandatory global audit learning curriculum for all levels and refreshed our policy on mandatory learning, to promote consistency with other Deloitte member firms.

All Audit & Assurance partners are required to complete ongoing compulsory learning modules to maintain their Deloitte accreditation to sign audit opinions.

Our extensive curriculum covers technical matters, regulatory, professional ethics, and independence matters together with soft skills programmes relevant to each role. There are courses and programmes for topics at the foundation, advanced, and mastery levels to keep our people at the forefront of new developments and regulations.

Our curriculum also incorporates localised inputs and lessons learned from both internal and external inspections. Every year, our partners, principals, directors, senior managers, and managers attend level-specific and business-specific intensive programmes focused on technical issues, specialised industry or sector matters, and a variety of

leadership and professional topics, such as professional scepticism, service quality and professional judgement. Professional practice members and subject matter resources also participate in the development, delivery, facilitation and review of learning programmes. These leaders gather their acumen via attending Network conferences and via a strong collaboration of global teams amonst other things.

### **Deloitte University**

Our culture and activities of professionals globally are supported by continuing to



heavily invest in the Deloitte University EMEA **Deloitte** (DU EMEA). These is a University state-of-the-art learning and development center focused on Deloitte

culture, and rooted in the principles of connectedness and leadership in a highly inclusive learning environment<sup>3</sup>. Deloitte Cyprus has fully committed to DU EMEA since its inception. Every year more than 25 of our professionals participate in various programs, run by DU EMEA and have the opportunity to benefit from a dynamic and fast-paced learning environment while at the same



**Deloitte University** 





























### O5 Talent and Learning

time building their network and enhancing their personal brand. They also have the opportunity to connect across borders and expand their capabilities, expertise and insights.

#### **Professional Certifications**

Responding to market trends and continuously evolving service offerings, Deloitte supports its professionals in obtaining recognised professional qualifications relevant to their role, enriching their expertise.



Trainees recruited into Audit & Assurance undertake to become members of the ICAEW or ACCA professional qualifications; Deloitte is committed to offering its support to our trainees through study leave, practical experience, ethics learning, financial and mentoring support.

As a result of our excellent schemes and the high calibre people we recruit, our ACA/ ACCA trainees' professional examination results were once again outstanding in this Transparency period, with pass rates well in excess of the worldwide averages, achieving 92% first-time passes over a 5-year period.

Furthermore, we are very proud of our prize winners under both schemes in recent years; in 2016 one of our trainees achieved first place in Cyprus and 18th place worldwide in the Governance, Risk & Ethics paper of the Professional level in the June 2016 ACCA sitting. This result adds to the significant number of local and international achievements of our trainees over recent years.

Additional professional qualifications available as part of the professional development programmes throughout the Firm include:

- •'Chartered Financial Analyst' certification (CFA), a globally recognised credential offered by the CFA Institute and which provides a strong foundation of advanced investment analysis and real world portfolio management skills
- 'Certified Internal Auditor' (CIA), which sets the global standard in Internal Auditing and is the only globally accepted designation for internal auditors

- 'Certified Information Systems Auditor' (CISA), which is the foremost qualification for IT governance professionals working in technology assurance and IT audit
- 'Fellow of Institute of Actuaries' (FIA), the highest level of qualification attainable with the Institute and Faculty of Actuaries (IFoA) and members who achieve Fellowship are highly sought after as experts in their chosen field
- Advanced Diploma in International Taxation' (ADIT), an advanced level designation in international cross-border tax
- 'Certified Cyber Forensics Professional' (CCFP) certification, awarded from the recognised professional body, International Information Systems Security Certification Consortium
- 'Certified Internal Auditor' (CIA), one of the most highly sought after international certifications for internal auditors.
   Internal auditors with the CIA designation communicate to their clients that they are knowledgeable, competent and highly ethical.





























### **Learning Methods**

Formal learning programs include live instructor-led, virtual instructor-led, selfstudy, and e-learning courses that have been developed with instructional designers. Our innovative programs for our professionals offered more than 42,000 learning hours in the Transparency period, including interactive simulation-based programs, case studies, and immersion courses.

Access to the latest information is critical to the effectiveness of our professionals. Using a variety of communication channels, we issue publications on the latest developments that may affect service quality and performance. Policy changes are also covered in professional development courses, in management team meetings and in conference calls or meetings between the NPPD, risk leaders, service leaders, and other relevant groups.

We enhance our culture by promoting coaching and development ideologies within our engagement teams providing learning materials specifically created for this purpose.

Our management team is encouraged to be very hands-on when it comes to the coaching and development of others. Our professionals are developed by appropriate mentoring, on-the-job training, feedback and other supportive activities, supervised by partners and other senior team members.







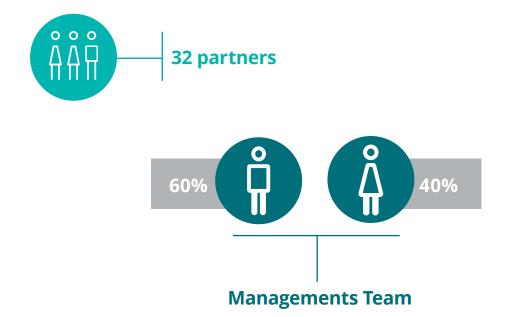


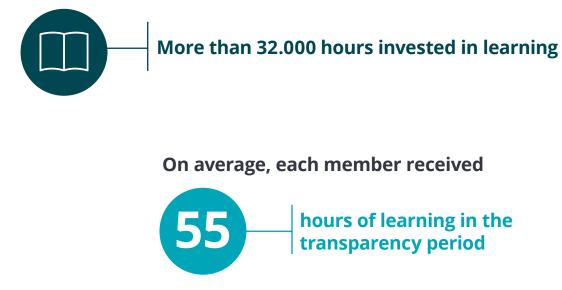


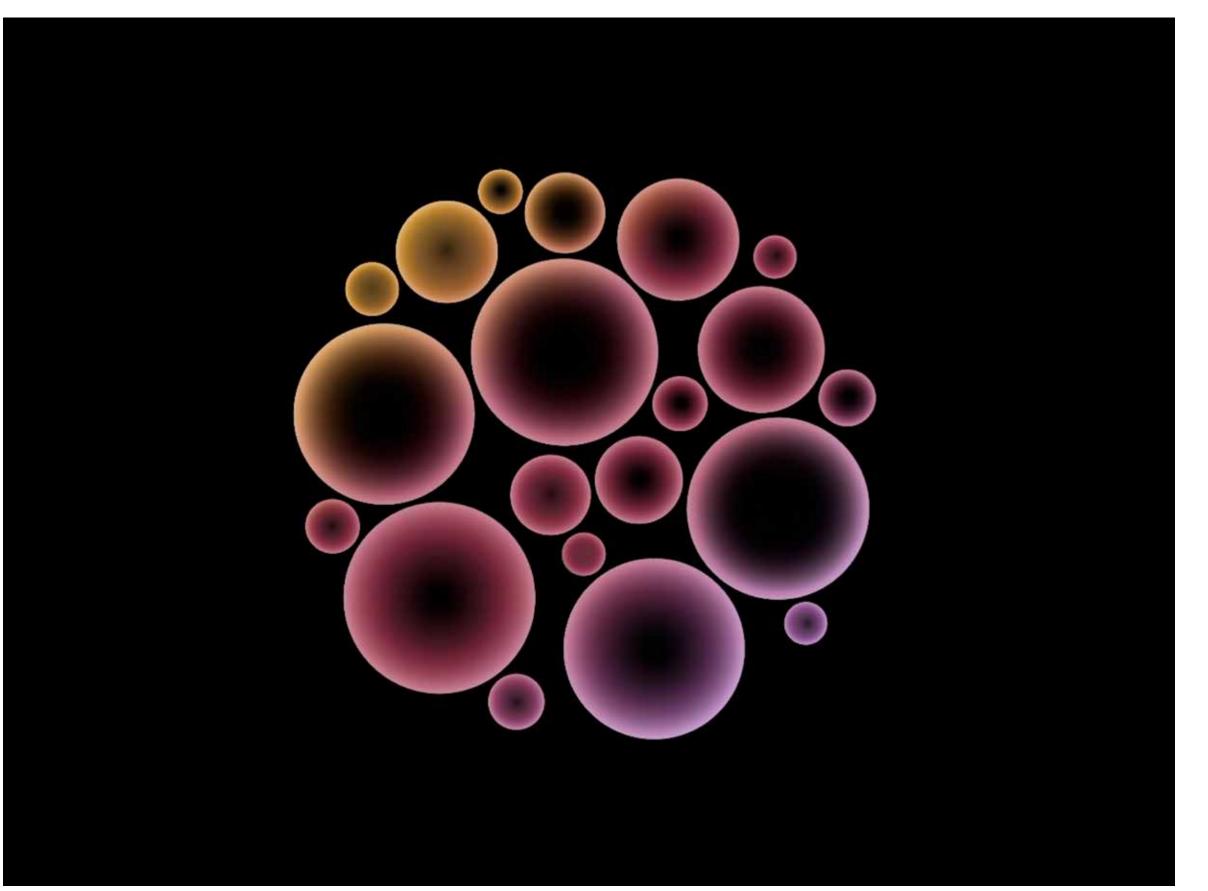








































### 06

# Independence, ethics, and additional disclosures





























### Independence

We assess our independence for each client and on each engagement. Our commitment to independence is demonstrated by the tone set by our leaders, and is reinforced by carefully and consistently implementing and monitoring comprehensive independence policies and procedures.



Sets independence policies and procedures based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and the independence standards of the US Securities and Exchange Commission and the Public Company Accounting Oversight Board. 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 global policies, quality controls, tools, and practice support activities.



Delivers **global 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** across the Deloitte network through active engagement with independence and business leadership groups, periodic communications and alerts, and development of guidance, learning and instructions.





























Panos Papadopoulos, partner and our Director of Independence, is supported by experienced and dedicated independence specialists locally and across the Deloitte Network. This team is responsible for communicating independence policies and procedures, providing consultation support, implementing and monitoring independence quality controls, designing and conducting independence training and monitoring compliance with independence requirements.

### **Independence policies**

Deloitte Cyprus has policies and procedures designed to address compliance with applicable professional standards that relate to independence. These policies and procedures are based on the Deloitte Global Independence policy, and are supplemented, as appropriate, to reflect additional national or regional requirements (the IESBA Code and its adoption in Cyprus, the EU Audit Regulation effective in 2016 and the Directive which has been transposed into Cyprus Law in June 2017) that may be more restrictive than Deloitte Global policies.

Deloitte Cyprus 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 Cyprus. 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.

Covering the Firm, and the Firm's partners, professional staff and support staff, and certain close family members thereof, where applicable, these policies and procedures are, in some instances, more restrictive than the independence standards in the IESBA Code and contain specific independence requirements that are applicable when the Firm is to maintain independence with respect to an audit client ("restricted entity") and its affiliates.





























### **Key elements**

The key elements of the system of quality control that Deloitte Cyprus implemented in accordance with global policies for monitoring the Independence Policies, include the following:

- Client and Engagement acceptance and monitoring thereof
- Client and engagement continuance and monitoring thereof
- Monitoring of rotation requirements
- Business relationship assessments and monitoring
- Use of independence business process tools, including the Deloitte Entity Search and Compliance (DESC) system, the Firm Contribution Tool (FCT), the Global Independence Monitoring System (GIMS), annual independence confirmations, and consultation procedures, to monitor compliance with independence requirements
- Inspection and Testing Process of the Partners and Managers in order to ensure

their Personal Interests do not breach any of the Independence Policies

- Procedures to identify and analyse 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 (SQC Review) was conducted during the year 2017 and the report was issued on 26 September 2017.



#### **DESC**

Deloitte Entity Search and Compliance

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

### **Restricted entity list**

The restricted entity list is accessed online

and includes Deloitte Network audit clients that are listed companies, registered schemes or retail superannuation funds, and other organisations such as financial institutions that offer financial products to the public. From 2017, the list extended to include all private entity audit clients. The entity information in the restricted entity list (also known as DESC) is continuously updated to help ensure its accuracy and completeness, including periodic validation processes performed by engagement teams and/or the DTTL member firms.



### FCT Firm Contribution Tool

Global tool designed to collect Member Firm Corporate Entity Trees. It allows engagement team members, partners and Member Firm Independence Team to create and maintain their client's entity structure systematically. During the transparency period all corporate trees of all audit clients were included in the system.































Application that contains financial relationship data with relevant independence compliance indicators

### **Monitoring of financial interests**

Professionals are required to search the restricted entity list before acquiring a financial interest or other financial product. To support compliance with the financial and investment restrictions placed on our professionals, we use an automated, DTTL operated, independence monitoring system to track personal financial holdings (also known as GIMS). All Deloitte partners and management-level client service professionals are required to record and update their investments, loans, insurances and other financial products and those of their immediate family members in their individual accounts in the monitoring system.

To allow for timely resolution of any potential independence issues, the monitoring system

is linked to the restricted entity list, so the system can automatically email users when a potential exception may need to be addressed due to a change in restriction. The Firm monitors and follows-up on such notices until the individual resolves them.

### **Independence confirmations and internal monitoring**

All partners and employees are required to submit an annual electronic confirmation that they have read, understood and complied with Deloitte's independence policies. The Independence team carefully monitors the confirmation process, and any exceptions are evaluated and resolved.

In addition, all professionals who are assigned to provide services as part of a financial statement audit are required to confirm their independence of the audit client. During the Transparency Period, all employees have completed the confirmation for FY18.

### **Inspection of Personal Independence**

Deloitte has implemented an ongoing

program to test the accuracy and completeness of the independence confirmations and the financial information in the automated independence monitoring system.

On an annual basis, the Firm inspects individuals for compliance with the Firm's independence policies and procedures. The objective of the inspection and testing program is to determine whether the representations and information submitted by partners and professional staff (directors and managers) relating to independence matters and the information contained in GIMS are accurate and complete.

The review in the Transparency period concluded in November 2017 and once again, the exceptions noted through conducting the process were not significant.

The Firm inspected 74% of all partners in 2017 (2016: 73%), and 3% of the managers, which demonstrates the importance placed on independence. The 1 new partner admitted as of June 2017 was also tested.





















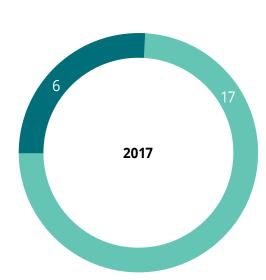


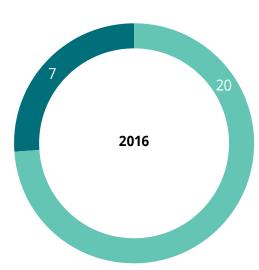






### **Independence Testing**





PARTNERS

MANAGERS / DIRECTORS

### **Scope of services for audit clients**

The policies include restrictions on the financial, employment or business relationships that can be entered into with audit clients, as well as guidance on the non-audit services and fee arrangements that, if provided to audit clients may impair independence. The complexities of these policies became significantly deeper with the onset of the Regulation emanating out of the EU and effective in June 2016 (local transposition into Law, June 2017).

Because of limitations on the permissible scope of services for attest clients and their affiliates, independence is considered as part of the engagement acceptance process. If independence from the client is required, then the engagement partner must verify, prior to beginning the engagement, that the services to be provided are permissible and have been preapproved by the lead client service partner and, where necessary, the audit committee or its equivalent – thus establishing that conflicts, if any, are managed or engagements rejected where they cannot be managed.

The policies require partners and staff to notify the Independence team promptly if they become aware of any independence breaches and those breaches will be reported to audit committees or to those charged with governance as appropriate.

### **Business relationships and alliances**

Business relationships and alliances with third parties can impair auditor independence. Therefore, all proposed marketplace business relationships require evaluation and approval by the Independence team and are then maintained and monitored in a central database of approved relationships.

Deloitte has processes and procedures for engaging independent contractors, including the centralised management of Approved Suppliers. This allows for potential independence impairing issues to be identified and assessed before entering into arrangements.





























### **Independence learning**

All partners and professional employees are required to complete learning in relation to the Firm's independence policies when they join Deloitte but also ongoing. This includes both classroom and e-learning. Ongoing learning incorporates updates to the independence policies and uses examples to translate independence questions into practical answers.

During the 2017 and early 2018, all employees attended a mandatory refresh session on Independence policies.

The Independence team and the DTTL Global Independence Group issue regular policy updates and independence alerts to promptly communicate changes in the global regulatory landscape and new policies or interpretations to all our people.

During the Transparency Period, a new e-learning has been introduced for noncompliance on laws and regulations (NOCLAR) that was applicable to all professionals, client facing and administrative personnel that were qualified accountants.

#### **Consultations**

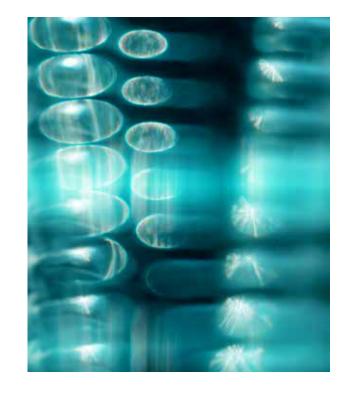
The Firm communicates with its partners and employees regarding the consultation policies for independence matters and identifies the individuals to be consulted. It is using a technology enabled software to manage this process.

The Independence team can escalate consultations to the Global Independence team as required.

### Rotation of Key Audit partners and professionals

Rotation of Key Audit Partners and Engagement Quality Control Reviewers (EQCRs) helps to provide a fresh perspective and to reduce familiarity and self-interest threats to independence.

Our rotation policies require that the engagement partner and the EQCR for the audits of public interest entities are rotated after seven consecutive years of service. Following rotation rules for EU PIEs, these audit partners are not permitted to be involved in the audit engagement for a period of three years.































We have a comprehensive and multi-layered independence framework.

#### **Audit Firm rotation**

The EU Audit Regulation has brought into operation new rules concerning audit firm rotation of all audit engagements of EU PIEs. The aim of the Regulation is to enhance the objectivity of auditors and reduce the familiarity threat that may have impaired independence in formerly permitted long associations with audit clients. The maximum period for audit services of EU PIEs should not exceed 10 years, extended to 20 years with Mandatory Tendering Process excluding Banks where the maximum period has been set to 9 years.

The application of these complex rules is overseen by the Independence team.

### **Disciplinary process**

Deloitte's leaders take a zero-tolerance approach to non-compliance with the Firm's independence policies. Our partners and employees are subject to disciplinary action if they violate these guidelines. Depending on the severity of the violation, sanctions may include written warnings, financial penalties and, potentially, termination of employment or removal from the partnership.

### **Confirmation of review of independence practices and monitoring**

We confirm that an internal review of our independence practices has been properly conducted in the period as part of the 2017 practice review. Our internal practice review and other monitoring processes provide us with assurance that these policies are, in general, appropriately observed and where exceptions are noted, identify where further action is required. In addition, the practice review includes an assessment of compliance with Deloitte Global policies. The results of these internal reviews are reported to the Management Committee and the Board.

An extensive review of the Independence Program was conducted in July 2018 by the Global Independence Team. The results of the review are satisfactory and the overall rating is expected to be received soon.





























### **Ethics**

Trust and honesty are deeply rooted in Deloitte's culture and essential to our continuing success. Our ability to rely on the professional judgements, skills and integrity of one another is crucial to fulfilling our professional obligations to the public, our clients and each other.

Deloitte Cyprus 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 Cyprus are in accordance with ICPAC regulations. Deloitte Cyprus also complies with Deloitte Global policies and procedures, which align with the requirements and guidance set out in the 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 ICPAC regulations are more restrictive than the Deloitte Global policies and procedures, Deloitte Cyprus follows the applicable ICPAC regulations.

Deloitte Cyprus 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 Cyprus has developed and implemented its own code of conduct, which incorporates the Deloitte Global Principles of Business Conduct and describes critical professional behavior that reflects local customs, regulations, and legal requirements.

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



Everything starts with Integrity!























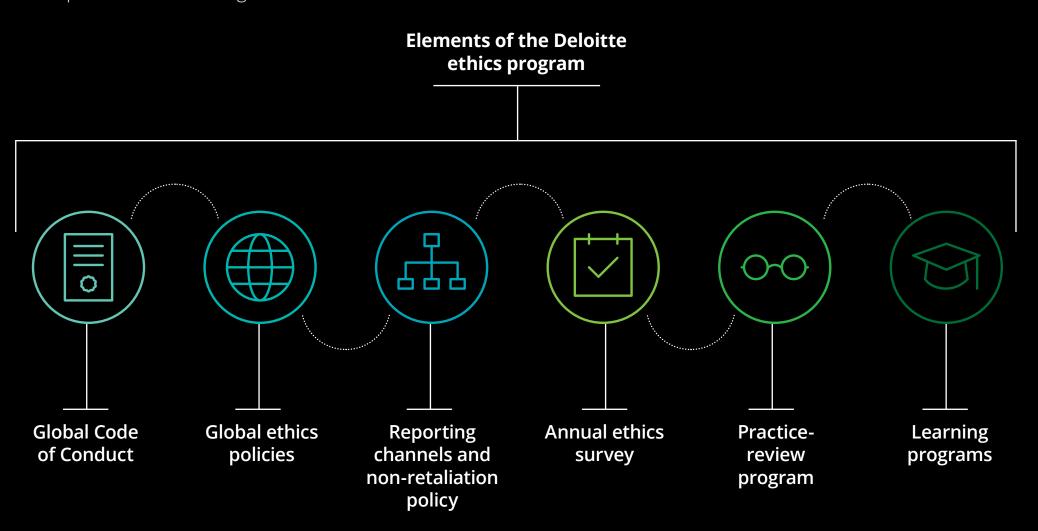






## Deloitte Global Ethics and Integrity Imperative

The Deloitte Global Ethics team and member firm ethics officers work closely with senior Deloitte leaders to build and enhance the foundations of the network's ethics program, which is comprised of the following elements:

































### 02





















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### **Principles of Business Conduct**

Deloitte Cyprus has developed and implemented its own code of conduct, which incorporates the Deloitte Global Principles of Business Conduct and describes critical professional behaviour that reflects local customs, regulations, and legal requirements.

This Code is hard to miss around all office locations as the motto – "it all starts with integrity" has been concentrated in a poster which hangs in all open plan working spaces, partners' offices, common areas and in all meeting and training facilities.

The re-energisation of our Local Code has the Global Code at its core and the remainder is framed around its meaning, together with guidance on the elements of our local ethics program including how to report a concern and how it will be handled. It reminds us that each of us is personally responsible for our actions and decisions. Defining the expectations that our stakeholders can have of all people across the Deloitte Network is a key purpose of the Global Code and this is why we have made it accessible to everyone; not just within our organisation.

### **Ethics program in Cyprus**

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

The Deloitte Ethics team and ethics officer work closely with senior Deloitte leaders to reinforce the Firm's commitment to ethics and integrity and to make sure the topic is always at the front, and in the centre, of our people's minds as they interact with clients, each other and the community at large, through the organisation's ethics program.

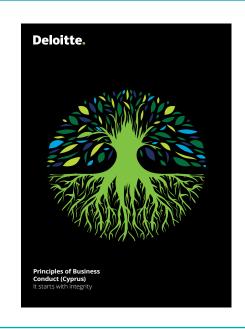
Deloitte is committed to conducting business with honesty, distinctive quality, and high standards of professional behavior.

Deloitte's Global Principles of Business Conduct ("Global Code") outlines Deloitte's ethical commitments as a network and expectations for Deloitte's approximately 264,000 people, giving a strong, principled foundation.

The Deloitte Integrity Imperative amplifies the Global Code across the network by empowering leaders to set a strong tone from the top; encouraging people to speak up when they witness anything that runs counter to the Global Code; and helping Deloitte act quickly and appropriately in the face of misconduct.

The central elements of our program are:

- The Global Principles of Business Conduct and its local adoption
- An ethics policy that sets out the requirements for our ethics program
- An anti-corruption policy that addresses matters such as bribery, facilitation payments, political and charitable contributions, gifts and entertainment and procurement policy
- Ethics training programmes, including online courses, classroom programmes, and facilitator-led interactive case discussions (ethics training is required for all new hires upon joining Deloitte and for all Deloitte professionals every two years)
- Milestone training as newly promoted managers take up their positions
- Channels for whistle-blowing, reporting and discussing ethical issues and concerns – internally and externally - that emphasise confidentiality and non-retaliation policies. A third party helpline will be launched and will enhance the methods of reporting an incident



The foundation of our culture, shaping who we are, what we believe and how we behave.

Our Code contains the standards for our business practices applicable to all employees, irrespective of geography, no matter their level, expertise, specialism, service line, function and for every single role that exists within Deloitte – in summary, it captures absolutely everyone!

- Support activities, including communications, and workshops to facilitate leading practices among our people
- The requirement that all partners, professional staff, and support staff confirm annually that they have read and understood the Global and Local Codes, are in compliance with them and understand their responsibility to report actions that are not in compliance with it
- Provision of an employee survey, undertaking a critical self-assessment, and other tools (such as focus groups) to measure our program's effectiveness
- A practice review program to measure compliance with global ethics policies and encourage collaborative discussions and continuous improvement in ethics programmes over time.





























### **Ethical leadership**

Deloitte has appointed an Ethics Officer who is an experienced partner with direct access to the CEO and the member firm's governing body.

The Ethics Officer participates in the Firm's Ethics Steering Committee comprised of three members as follows:

Eleftherios N. Philippou, Ethics Officer and Risk & Reputation Leader George Pantelides, Talent Partner Panos Papadopoulos, Director of Independence

### **Building "ethical muscle"**

At Deloitte, we work hard to build ethical muscle in our people in discerning the most fitting action to take; that is the ability to recognise ethical issues when they arise, handle difficult situations with sensitivity and judgement, and raise our voices when things just don't feel right. We ensure that over the whole of our business lines and, in particular, our audit practice, this ethical prowess is clear for all to see.

#### Learning

Upon joining our Firm, all new hires experience intensive ethics learning which is revisited on a regular basis. This new hire training earned Deloitte worldwide best practice recognition. Deloitte has a policy that all its people undergo formal ethics training at least every two years and that newly promoted managers take a bespoke milestone training. In this way, together with its ethics awareness schemes and programmes, it ensures that the Firm benefits from the quality that a high set of ethical principles guarantees.

Our ethics, anti-money laundering, anti-bribery, information security and independence and ethics learning programmes are undertaken by everyone in the Firm, using examples to translate independence and ethical questions into practical actions. A more focused Personal Independence online programme is completed by all of our client-facing people of manager grade and above.

During the transparency period, a mandatory ethics training was launched for all employees to refresh their ethical radar and awareness.

#### **Our commitments**

- We commit to serving clients with distinction
- We commit to inspiring our talented professionals to deliver outstanding value
- We commit to contributing to society as a role model for positive change.



























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02



















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The information and insight we deliver helps to equip stakeholders to decide on the directions and actions they will take moving

forward.

### **Anti-bribery and anti-corruption**

Anti-corruption has been a priority for Deloitte over recent years and, indeed, an anti-corruption champion has been appointed to further promote the global and local priority. The mission of the anti-corruption champion is to build and sustain an effective anti-corruption program. Our firm has strict and clear policy guidelines which take a firm stance against bribery and corruption in all its forms. Our personnel are not permitted to accept, offer, induce or solicit such payments.

During the last years, 2 new procedures were implemented:

- 1) Third party due dilligence and
- 2) Referral Intergrity process

Training to emphasise this is provided within the New Hire Ethical day for all new personnel and, subsequently, revisited on a regular basis. Included in on-boarding training is a dedicated e-learning on the topic that insists our people become aware of some of the pertinent facts and increases their abilities to identify practical issues and respond.

During the transparency period, a mandatory training was launched for all employees to remind them the basic Anti-corruption polices.

### The foundation for Deloitte culture

Our Global Principles of Business Conduct ('Global Code') and Shared Values

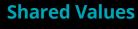






behavior





- Integrity
- Outstanding value to markets and client
- Commitment to each other
- Strength from cultural diversity











Respect, diversity and fair treatment



**Professional** development and support



Anti corruption



Responsible supply chain



Social responsibility







"We strive to be an organisation that is held up as a role model of quality, integrity and positive change. Thus we will make every effort to continue conducting activities that make an impact that matters most and deliver outstanding value to the society, Deloitte's people and clients."



































Making an impact that matters – Renovations of the Reception Area at Paediatrics, Archbishop Makarios III Hospital

Deloitte was one of the main sponsors of a CSR event, "Run as One", held on the 22nd of October 2017. Run As One is the basis for the "Child, Nutrition, and Health" program, which Is the most important corporate social responsibility program of the Alphamega Hypermarkets.



"Working in innovative ways with non-profit organisations, charity institutions and civil society, we are designing and delivering solutions that contribute to a sustainable and prosperous future **for all**."



























# Appendices





























principal place of business)

**EU/EEA Member State** 

Austria

### EU EEA audit firms

# Disclosure in accordance with Article 13.2 (b) (ii)-(iv) of the EU Audit Regulation

Deloitte Audit Wirtschaftsprüfungs GmbH

01

**EU/EEA Member State** (Article 13.2 (b)(iii) EU Audit Regulation: the countries in which each audit firm that is a member of the network is qualified as a statutory auditor or has its registered office, central administration or

Name of audit firms carrying out statutory audits in each Member State (Article 13.2 (b)(ii) EU Audit Regulation: the name of each audit firm that is a member of the network)

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Deloitte Burgenland Wirtschaftsprüfungs GmbH Deloitte Niederösterreich Wirtschaftsprüfungs GmbH Deloitte Oberösterreich Wirtschaftsprüfungs GmbH Deloitte Salzburg Wirtschaftsprüfungs GmbH Deloitte Schwarz & Schmid Wirtschaftsprüfungs GmbH Deloitte Tirol Wirtschaftsprüfungs GmbH Deloitte Wirtschaftsprüfung Styria GmbH E.X. Priester GesmbH Kapferer Frei und Partner Wirtschaftsprüfungs- und Steuerberatungs GmbH MPD Wirtschaftsprüfungs-GmbH & Co KG Deloitte Bedrijfsrevisoren – Reviseurs d'Entreprises Belgium Deloitte Audit OOD Bulgaria Croatia Deloitte d.o.o. za usluge revizije Deloitte Limited Cyprus Czech Republic Deloitte Audit s.r.o. Deloitte Statsautoriseret Revisionspartnerselskab Denmark

Name of audit firms carrying out statutory audits in each Member State

69

### Appendix A - EU / EEA audit firms

EU/EEA Member State	Name of audit firms carrying out statutory audits in each Member State	
Estonia	Deloitte Audit Eesti AS	
Finland	Deloitte Oy	
France	Deloitte & Associés	
	Deloitte Marque & Gendrot	
	Deloitte Marque Gendrot	
	Anne-Marie Torres Commissaires aux comptes	
	Audalian Commissaire	
	Audit Aquitaine Commissariat aux comptes	
	Auitex	
	BEAS	
	BH Audit	
	Cabinet Barouh, Societe Anonyme D'Expertise Comptable Et De Commissariat Aux Comptes	
	Cabinet Garnier In Extenso	
	Cabinet Husson Sas Societe D'Expertise Comptable Et De Commissaires Aux Comptes	
	Cisane	
	COGES	
	Constantin Associés	
	Constantin Entreprises	
	Consultants Auditeurs Associés	
	Davec SAS	
	DB Consultants	
	Durand & Associés	
	ECA Audit	
	Espace Audit Et Conseil	
	Extenso IDF Holding Audit Et Consulting	
	Fiduciaire Expertise Commissariat et Développement	
	In Extenso Audit	
	In Extenso Bretagne	
	In Extenso Centre Est	

### Appendix A - EU / EEA audit firms

U/EEA Member State	Name of audit firms carrying out statutory audits in each Member State				
France	In Extenso Centre Ouest				
	In Extenso Charente				
	In Extenso Dauphine Savoie				
	In Extenso Dordogne				
	In Extenso Eure				
	In Extenso IDF Audit				
	In Extenso IDF EX&Com Audit				
	In Extenso IDF Harl Lefort et Associés				
	In Extenso lle de France				
	In Extenso Mont Blanc				
	In Extenso Nord Audit				
	In Extenso Nord de France				
	In Extenso Orne				
	In Extenso Picardie lle de France				
	In Extenso Provence				
	In Extenso Rhône Alpes				
	In Extenso SECAG				
	In Extenso Strasbourg Nord	<del></del>			
	Jacques Serra et Associés				
	Laurens Michel Audit	<del></del>			
	Lesaine, Casteleyn, Lecrocq, Societe D'Expertise Comptable Et De Commissariat Aux Comptes				
	MFG Audit				
	Opus 3.14 Audit Et Conseil				
	Pierre-Henri Scacchi et Associés				
	Revi Conseil				
	Sterenn				
ermany	Deloitte GmbH Wirtschaftsprüfungsgesellschaft				
	Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft				
	SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft				

### Appendix A - EU / EEA audit firms

EU/EEA Member State	Name of audit firms carrying out statutory audits in each Member State	
Greece	Deloitte Certified Public Accountants SA	
Hungary	Deloitte Könyvvizsgáló és Tanácsadó Kft.	
Iceland	Deloitte ehf.	
Ireland	Deloitte Ireland - Republic of Ireland	
Italy	Deloitte & Touche S.p.A.	
Latvia	Deloitte Audits Latvia SIA	
Lithuania	Deloitte Lietuva, UAB	
Luxembourg	Deloitte Audit	
Malta	Deloitte Audit Limited	
Netherlands	Deloitte Accountants B.V.	
Norway	Deloitte AS	
Poland	Deloitte Polska spółka z ograniczoną odpowiedzialnością Sp. k.	
	Deloitte Polska Sp z o.o.	
Portugal	Deloitte & Associados, SROC S.A.	
Romania	Deloitte Audit S.R.L.	
Slovakia	Deloitte Audit s.r.o.	
Slovenia	Deloitte Revizija d.o.o.	
Spain	Deloitte, S.L.	
Sweden	Deloitte AB	
United Kingdom	Deloitte LLP	
	Deloitte Gibraltar Limited	
	Deloitte NI Limited	

### Disclosure in accordance with Article 13.2 (b)(iv) of the EU Audit Regulation

The total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements: € 2 billion¹































<sup>&</sup>lt;sup>1</sup> Amount represents an estimate determined based upon best efforts to collect this data. Certain Deloitte audit firms registered to perform statutory audits in respective Member States provide statutory audit services as well as other audit, assurance and non-audit services. While Deloitte endeavored to collect specific statutory audit turnover for each EU/EEA Deloitte audit firm, in certain cases turnover from other services has been included. The turnover amounts included herein are as of 31 May 2018, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalized its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than Euros is used in the Member State, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2017 to 31 May 2018.

# Financial information

#### **Business performance**<sup>1</sup>

Fiscal Year 2018 marks the 4<sup>th</sup> consecutive year of solid growth for our firm, despite the significant pressures stemming from the local and global environment. This performance is testament to the inherent strength of our Firm, the robustness of its strategy and the calibre of its people.

Deloitte Cyprus achieved revenues of €36.4 million, representing a 5% revenue increase compared to prior year's 12 month average revenues of €34.7 million.

With an increase in revenues of 113% compared to prior year 12 month average, Risk Advisory paved the way for another successful year. In a similar comparison to prior year's average 12-month performance, the Firm's Tax & Legal and Consulting businesses presented a double-digit growth of 11% and 14% respectively.

At the heart of this growth has been the Firm's development of its financial services advisory team, its cyber risk team and the successful launching of Deloitte Legal. Delivering new and enhanced services that innovatively respond to the challenges faced by our clients is a true reflection of our multidisciplinary model serving our five core Businesses.

It is said that we are living in a disruptive age, characterised by fast-change and uncertainty. While this might be true, we believe that the bigger the challenge, the bigger the opportunity. We do not conform to uncertainty, but we embrace it. We foster counter-intuitive ideas, force improbable insights and strive to find the right solutions to our clients' challenging needs. This is the reason we have managed to successfully manoeuvre through the waves of economic volatility, the geopolitical changes that are constantly reshaping the global marketplace





























<sup>&</sup>lt;sup>1</sup> In 2016, the Firm's Board of Directors approved the change of the financial year end from 31 December to 31 May, in order to align with Deloitte Global year end. As a result of this change, the comparative financial information presented in the transparency report reflects the 17 month period ended 31 May 2017, while the current year figures relate to the 12 month period that ended on 31 May 2018.

and the evolving local and global competitive and regulatory landscape. More specifically, the Firm accomplished major achievements, some of them are noted here below:

- Achieved 5% average revenue growth despite the market particularities
- Invested in areas that strengthen our ability to deliver core services to clients
- Launched successfully new businesses, such as Legal, Strategy Consulting and Funds Advisory to respond to the market's new demands
- Transformed the organisational structure to address Industry and Country specific needs
- Built upon the "connected know-how" by fully utilising the capabilities and expertise of the Deloitte Global network
- Built upon our competitive strength stemming from our multidisciplinary model, delivering innovative solutions from strategy to implementation and by introducing new services

- Invested in the areas of ethics, and on safeguarding the privacy of information and the clients confidential information
- Adopted a brand strategy that is directly aligned with our aspiration to become the Undisputed Leader in professional services.

Looking ahead to the Fiscal Year 2019, our prime focus, will be in consolidating our position and enhancing profitability. Focus will be directed by the Firm's management on control of both payroll and overhead costs in maintaining our Firm's healthy financial position enabling the Firm to be prepared and ready to address the risks and tame the "black swans" (highly significant yet unpredictable events).

The steadfast commitment to growth and the development of our people through a variety of channels, not least our investment in the Deloitte University, in our unwavering pursuit of improvement and quality, aim to enhance our unique ability to address the specific needs of our clients. This uniqueness

stemming from globalisation, differentiation and being driven by quality remains a key strategic goal and, at the same time, allows us to enter the years to come with well-founded optimism about our future performance within the current market particularities and beyond.

Guided by past strategic choices, our Firm has thrived in the midst of economic adversity and dramatic market changes. We are confident our current strategy and purposeled approach position the Firm to accelerate its success and achieve its goal of undisputed leadership.



























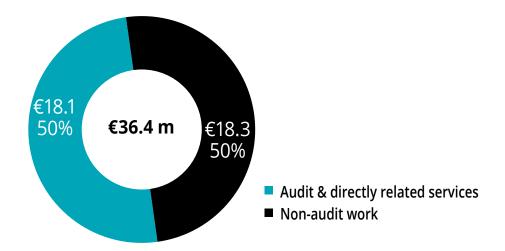


# 12 month period ended 31 May 2018

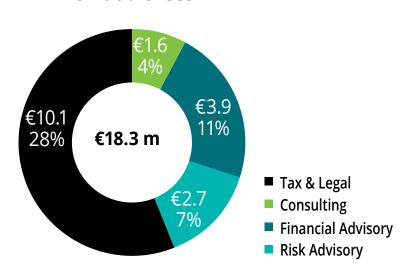
Deloitte Cyprus - revenue <sup>1</sup>	Fees €m	Percentage %
Audit and directly related services	18.1	50
Non-audit	18.3	50
Total	36.4	100

Analysis of non-audit fees <sup>2</sup>	Fees €m	Percentage %
Tax & Legal	10.1	28
Financial Advisory	3.9	11
Risk Advisory	2.7	7
Consulting	1.6	4
Total	18.3	50

#### **Audit and Non-audit fees**



#### Non-audit fees



<sup>(</sup>h)

























<sup>&</sup>lt;sup>1</sup> Sourced from financial information extracted from Deloitte's unaudited financial records showing the relative importance of Audit and the levels of non-audit services

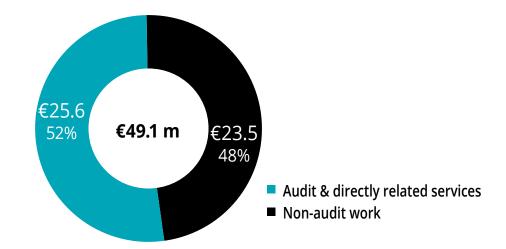
<sup>&</sup>lt;sup>2</sup> Sourced from financial information extracted from Deloitte's unaudited financial records showing the levels of non-audit fees by Business

# 17 month period ended 31 May 2017

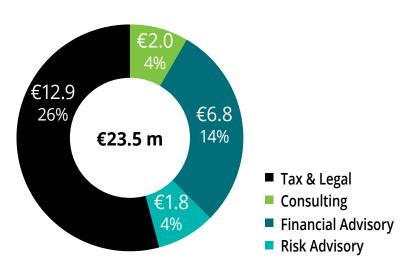
Deloitte Cyprus - revenue <sup>1</sup>	Fees €m	Percentage %
Audit and directly related services	25.6	52
Non-audit	23.5	48
Total	49.1	100

Analysis of non-audit fees <sup>2</sup>	Fees €m	Percentage %
Tax & Legal	12.9	26
Financial Advisory	6.8	14
Consulting	2.0	4
Risk Advisory	1.8	4
Total	23.5	48

#### **Audit and Non-audit fees**



#### Non-audit fees



























<sup>&</sup>lt;sup>1</sup> Sourced from financial information extracted from Deloitte's audited financial records showing the relative importance of Audit and the levels of non-audit services

<sup>&</sup>lt;sup>2</sup> Sourced from financial information extracted from Deloitte's audited financial records showing the levels of non-audit fees by Business

# Disclosure in accordance with Article 13.2 (k) (i)-(iv) of the EU Audit Regulation

The breakdown of Deloitte's Revenue for the 12 month period ended 31 May 2018

Turnover	€m
Statutory audit (PIEs or PIE subsidiaries)	1.0
Statutory audit (non-PIEs or non-PIE subsidiaries)	16.8
Other assurance services (PIEs or PIE subsidiaries)	0.2
Other assurance services (non-PIEs or non-PIE subsidiaries)	0.1
Non-audit services (audited PIEs or PIE subsidiaries)	0.2
Non-audit services (other entities)	18.1
Total	36.4



















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#### **Local outlook**

Cyprus's economic recovery has gathered further momentum in 2017 and early 2018. GDP growth has reached 3.9% in 2017, inching up to an expected 4% in 2018 and a forecasted 4.2% in 2019. There has been vigorous upswing in construction, tourism and professional services, accompanied by a sustained decline in unemployment rate, a sizeable primary fiscal surplus, and a reduction in the public debt ratio.

Unemployment rate fell sharply and economic activity in general is picking up as a result of targeted government led initiatives, such as the creation of major infrastructure projects for the tourism sector, including the construction of new marinas, theme parks and golf courses. About 3.6 million tourists visited Cyprus in 2017, which represents more than three times the resident population.

Further, the launching of several investment schemes for acquiring Cypriot Citizenship and Permanent residence permit, further enhanced the international interest in the property market, which as a consequence led to the gradual recovery of the construction industry.

On another terrain, opportunities by the offshore gas exploration are being created, which are already being exploited by companies servicing the Oil & Gas sectors in Cyprus. The outlook is even more promising, following the discovery of gas reserves in the Eastern Mediterranean by the neighbouring countries, Israel and Egypt and the collaboration between these countries, which enhance Cyprus geostrategic role and position.

Last but not least, the reductions in the domestic lending rates amid conditions of weak demand and the return of domestic economic confidence to pre-crisis levels, as well as the good fiscal performance, are expected to facilitate economic recovery and contribute to growth.

The positive stimuli to corporate confidence however, has to compete with an array of local and geopolitical risks. The high levels of non-performing loans which might be an impediment to the gradual recovery of the banking sector over the long term, the possible backslide with the structural reforms and the privatisations as a result of the Cyprus's exit from its economic adjustment

program and the implications of the impasse in the negotiations for the re-unification of the Island comprise some of the local risks. On the global sphere, there are some dark clouds on the horizon as well; namely the EU fragility, Brexit and the continued tensions in the Middle East and the CIS region.

Looking ahead, with the current measures to reform public spending, the accelerated initiatives to boost investment and develop the investment fund sector, the ongoing process of privatisations and a push forward with natural gas exploitation, Cyprus is fast returning to the prosperity of the past. Undeniably, the current economic environment creates uncertainty, challenge and opportunity. The year ahead will be another demanding year. Albeit, we are passionately committed to address the risks, tame the "black swans" and capture the expected market growth for ourselves and for our clients. Our commitment to our clients remains unwavering: 'understanding their needs and offering superior services to help them succeed'.





























#### The global picture

Deloitte member firms reported aggregate member firm revenue of US\$43.2 billion for the fiscal year ended 31 May 2018 (FY2018), representing a 11.3 percent revenue increase. This is the ninth consecutive year of growth in global revenues.

#### **Key highlights:**

- All Deloitte services, industries, and regions experienced continued growth
- Deloitte invested more than US\$1 billion to advance audit quality over the last five years and is making significant investments in audit innovation - including Deloitte Omnia, a cloud-based, next generation platform that adds to a world-class global solutions portfolio
- Deloitte member firms focused on delivering digital-enabled business transformation with integrated strategy, people and technology capabilities to help clients navigate the challenges and opportunities of Industry 4.0
- Deloitte strengthened its focus on innovation to drive sustained growth with the completion of six acquisitions. The

acquisitions represent strategic investments in critical growth areas such as corporate social responsibility, cyber security, risk sensing and analytics, and regulatory compliance and strategy.

# **Growth across all businesses, industries and regions**

With a continued focus on creating an impact for clients across all geographies and service areas, Deloitte achieved growth in each of its five business areas - Audit & Assurance, Consulting, Financial Advisory, Risk Advisory and Tax & Legal. Among the industries driving Deloitte's growth in FY2018 were Technology, Media & Telecommunications and Financial Services; each grew revenue more than 12 percent on a US-dollar basis. Consumer and Industrial products was the top contributor with US\$1.3 billion revenue growth gained from FY2017 to FY2018.

#### Building tomorrow's workforce, today

In FY2018, Deloitte increased its workforce in all geographic regions and businesses. The number of Deloitte professionals grew 8.4 percent to more than 286,000 with more

"At the core of Deloitte's business model is the fundamental belief that working with a sense of purpose and serving with quality and distinction make a positive impact on our clients, our people, and our communities. It is through our work that we contribute to building a more equitable and sustainable world".

# **Punit Renjen**Deloitte Global CEO





























than 77,000 professionals hired – an agile workforce fit for the opportunities of the Fourth Industrial Revolution.

#### A WorldClass solution for social impact

Deloitte's commitment to making positive change in the world is reflected not only in its client work, but also in local projects that work towards solving challenging societal and community issues.

The WorldClass societal-impact initiative expands access to education and career-building opportunities for those affected by Industry 4.0. The goal is to impact 50 million futures by 2030.

Recognising the impact Deloitte is making in preparing its people and its clients for the technological disruption of the Fourth Industrial Revolution, Fortune, recently named Deloitte to its "Change the World" list. The annual ranking recognises top companies who are making measurable progress addressing important societal problems.

"FY2018 was exceptional for Deloitte as we continued to deliver a measurable impact for our clients, our people, and society. These results reflect Deloitte's unrelenting commitment to serving clients with quality and distinction while embracing important public-interest responsibilities".

"Over the past year, we have increased strategic investments in the capabilities and services to most-sought-after clients in the fastest-growing markets in the world. We also have expanded our efforts and investments to drive audit quality and innovation while achieving strong financial results".

**Punit Renjen**Deloitte Global CEO





























# Deloitte globally FY2018





























#### **ANALYST RECOGNITIONS**

Deloitte named a leader in Business Transformation consulting and received the highest score in the strategy and current offering categories by Forrester<sup>1</sup>

Deloitte positioned first globally in Consulting Services based on revenue by Gartner, 2016-2017<sup>2</sup>

Deloitte named a leader in Digital Experience Services and received the highest scores in the strategy and current offering categories by Forrester<sup>3</sup>

Deloitte named the undisputed global leader in Digital HR Transformation based on breadth and depth of capabilities by ALM Intelligence<sup>4</sup>

Deloitte named a global leader in Strategic Risk Consulting based on breadth and depth of capabilities by ALM Intelligence<sup>5</sup>

Deloitte named the undisputed global leader in Innovation Strategy Consulting based on breadth and depth of capabilities by ALM Intelligence<sup>6</sup>

Deloitte named a global leader in Finance Operations Consulting based on breadth and depth of capabilities by ALM Intelligence<sup>7</sup>

More Deloitte tax professionals named as leading individuals in World Tax 2018 and World Transfer Pricing 2018 than any other organisation

Deloitte named 2018 European Tax Firm of the Year and 2018 European Tax Compliance and Reporting Firm of the Year

Deloitte named 2018 Asia Transfer Pricing Firm of the Year, 2018 Asia Indirect Tax Firm of the Year, and 2018 Asia Tax Technology Firm of the Year

Deloitte Legal was named one of the top 5 strongest alternative legal brands by Acritas' Alternative Legal Brand Index





























<sup>&</sup>lt;sup>1</sup> Source: Forrester Research, The Forrester WaveTM: Digital Experience Service Providers, Q4 2017", Ted Schadler, November 17, 2017

<sup>&</sup>lt;sup>2</sup> Source: Gartner, Market Share Analysis: Consulting Services, Worldwide, 2017, Chrissy Healey, Dean Blackmore, Brendan Williams, Patrick Sullivan, 19 June 2018

<sup>&</sup>lt;sup>3</sup> Source: Forrester Research, The Forrester WaveTM: Digital Experience Service Providers, Q4 2017", Ted Schadler, November 17, 2017

<sup>&</sup>lt;sup>4</sup> Source: ALM Intelligence; Digital HR Transformation Consulting 2017; ALM Intelligence estimates © 2017 ALM Media Properties, LLC. Reproduced under license

<sup>&</sup>lt;sup>5</sup> Source: ALM Intelligence; Strategic Risk Consulting 2018; ALM Intelligence estimates © 2018 ALM Media Properties, LLC. Reproduced under license

<sup>&</sup>lt;sup>6</sup> Source: ALM Intelligence; Innovation Strategy Consulting 2018; ALM Intelligence estimates © 2018 ALM Media Properties, LLC. Reproduced under license

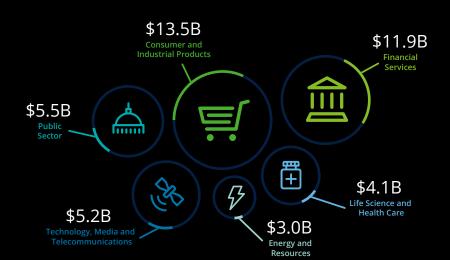
<sup>&</sup>lt;sup>7</sup> Source: ALM Intelligence; Finance Operations Consulting 2018; ALM Intelligence estimates © 2018 ALM Media Properties, LLC. Reproduced under license

# FY2018 Revenue

\$43.2B (+11.3%) \$38.8B (+7.1%)

\$36.8B (+9.5%)

# \$16.5B Consulting \$5.0B Risk Advisory \$10.2B Audit and Assurance \$7.9B Tax and Legal



**BY INDUSTRY** 



























# Public interest entities

Deloitte Limited completed statutory audits of the following public interest entities and issued at least one audit report in the Transparency Period of 1 June 2017 to 31 May 2018.

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Alpha Bank	HMS Hydraulic Machines & Systems Group Plc
Altius Insurance Limited	Jordan Kuwait Bank Plc (Cyprus Branch)
Ancoria Insurance Public Limited	KEO Plc
Ancoria Bank Public Limited	Lordos Hotels (Holdings) Public Limited
Bank of Beirut SAL (Cyprus Branch) <sup>1</sup>	Medlife Insurance Limited
Bank Med SAL (Cyprus Branch)	Metlife Europe D.A.C <sup>1</sup>
Banque Bemo SAL (Cyprus Branch) <sup>1</sup>	MHP SE
Banque SBA (Cyprus Branch) <sup>1</sup>	Philoktimatiki Public Limited
Central Cooperative Bank PLC (Cyprus Branch of Bulgarian Bank)	Rolandos Enterprises Public Limited <sup>1</sup>
C.C.C. Tourist Enterprises Public Company Limited	Top Kinisis Travel Public Limited
IBL Bank SAL (Cyprus Branch) <sup>1</sup>	USB Bank Plc <sup>1</sup>
Grawe Reinsurance Limited	Sun Interbrew Plc

<sup>&</sup>lt;sup>1</sup> Public Interest Entities for which Deloitte Ltd has performed statutory audit work but did not issue an audit report in the period 1 June 2017 to 31 May 2018.

#### **Appendix C | Public Interest Entities**

# Disclosures in accordance with (1) Article 13.2 (f) of the EU Audit Regulation and (2) the Cyprus Auditors Law L.53(I)/2017

#### **EU Audit Regulation**

#### **Regulatory context**

The list has been prepared in accordance with Article 13 of the EU Audit Regulation and is in respect of the year ended 31 May 2018. It contains details of the 24 entities that meet all of the following four conditions:

- 1. the entity is incorporated/established in Cyprus
- 2. Deloitte Cyprus signed an audit report on the entity's annual financial statements during the year ended 31 May 2018
- 3. on the date that Deloitte signed that audit report, the entity was an EU PIE.

#### PIE definition

Pursuant to the EU Audit Regulation, the definition of a PIE includes:

- 1. Entities governed by the law of the (Cyprus) Republic whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of Article 2 of 'The Investment Services and Activities and Regulated Markets Law"
- 2. Credit institutions as defined in Article 2 of "The Credit Institutions Law"
- 3. Insurance and reinsurance undertakings within the meaning of Article 2 of "The Insurance and Reinsurance Services and Other Related Matters Law of 2016"
- 4. Other entity, that is of significant public relevance, designated by the Council of Ministers, following a suggestion made by the CyPAOB.















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# Partner biographies and committee memberships

Management Committee, Governance Committee, Members of the Board as at 31 May 2018

Management Committee (formerly Executive Committee) <sup>1</sup>

#### **Christis M. Christoforou**

Chief Executive Officer
Member of the Partner Evaluation and Nomination Committee

Christis Christoforou is the Managing Partner and Chief Executive Officer of Deloitte Cyprus.

Outside the firm, Christis is a Board member of the Nicosia Chamber of Commerce & Industry and of the Cyprus Integrity Forum. He is also an ex-President of the Institute of the Certified Public Accountants of Cyprus. Christis is the Honorary Council of the Republic of Lithuania. He is now serving his 3rd term as CEO and due to a grandfathering arrangement will be eligible for another term when his current one comes to an end.

#### **Nicos S. Kyriakides**

Partner in Charge in Limassol, Audit & Assurance Partner and Financial Advisory Leader Member of the Partner Evaluation and Nomination Committee

Nicos Kyriakides is the Partner in Charge of the Limassol office of Deloitte Cyprus, since 2002. Except from being an Audit & Assurance Partner, he acts as the Partner in Charge of the Financial Advisory service line of Deloitte Cyprus, having vast experience in corporate finance, business consulting and international tax planning.

Nicos acts as the Audit Engagement Partner for a large number of audit clients across the breadth of the Firm's portfolio. He has led a large number of consultancy and business advisory projects relating to public sector projects, mergers and acquisitions, reorganisations of groups of companies, business plans and feasibility studies for new projects, and public offerings and flotations.





























#### Nicos D. Papakyriacou

#### Partner in Charge in Nicosia, Audit & Assurance Partner and Oil & Gas Industry Leader Member of the Partner Evaluation and Nomination Committee

Nicos Papakyriacou is the Partner in Charge of the Nicosia office of Deloitte Cyprus, since 2002. He is also a partner in the Audit & Assurance and Risk Advisory department serving a wide range of clients both in Cyprus and abroad (including public and multinational companies) and has lead various consultancy and business advisory projects relating to financial reorganisations, mergers and acquisitions, financial feasibility studies, financial due-diligences and business valuations.

#### **Costas Georghadjis**

#### **Audit & Assurance Partner and Shipping Industry Specialist**

Costas Georghadjis was the Audit Business leader up to 30 January 2018. He is the Industry Leader on Shipping serving a number of clients in the ship management and ship owning industry as well as a wide spectrum of other local and international clients in various other industries.

Based in Limassol, he leads international multi location engagements for audits under International Standards of Auditing, advises clients on the application of International Financial Reporting Standards and has lead a number of financial due diligences for acquisition purposes as well as for special investigations.

#### **Pieris Markou**

#### Partner, Tax & Legal Leader

Pieris Markou is the Tax & Legal practice leader of Deloitte in Cyprus. Pieris holds a BA in Accounting from a UK university, is a fellow member of the Institute of Chartered Accountants in England and Wales and a member of the Chartered Institute of Taxation.

Pieris is an active member of the Institute of Certified Public Accountants of Cyprus since 1992, having served as member, vice chairman and chairman of the Tax and VAT Committees of the Institute and is currently a member of the Institute's Council. Pieris participates in a number of meetings at the Ministry of Finance, the House of Representatives and with the Tax Commissioner for the formulation of the Government's policies on taxation and is a member of an advisory committee to the Government on treaty negotiations.

#### **Nicos Charalambous**

#### **Audit & Assurance Partner, FSI and Shipping Specialist**

Nicos Charalambous is an Audit & Assurance partner at Deloitte and is based in the Limassol office.

Nicos has over 15 years' experience in serving the firm's clients predominantly in the Banking and Shipping sectors, both locally and abroad.

Nicos has extensive experience with a number of the firm's largest clients, a number of consultancy projects and has led a number of financial due diligences for acquisition purposes for local and international clients.







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#### **Eleftherios (Lefteris) N. Philippou**

#### Reputation & Risk Leader and Insolvency Partner, Ethics, Anti-Corruption and AML Compliance Officer Member of the Risk Committee

Lefteris Philippou is an Insolvency services partner within Financial Advisory whose commanding of respect from others and a drive to develop our business has led to several large successful appointments as receiver and as liquidator. In the past, Lefteris was an Audit partner serving a diversified portfolio of clients includes local, overseas and multi-national entities, operating in Cyprus and abroad. He spent a considerable time in the Arabian Gulf serving multinational companies operating mainly in the construction and electromechanical industry. He leads the Insolvency Services of the firm.

A partner with Deloitte since 1987, he is the firm's Reputations and Risk Leader (RRL) as well as the Ethics, Anti-Corruption and Anti Money Laundering Compliance Officer. He takes his seat at the table of the Management Committee to guide the Firm in its day to day activities in a risk conscious manner that keeps the Firm and its people safe.

#### **Andreas Andreou**

#### Audit & Assurance Partner, NPPD, IFRS Technical Expert and Insurance Industry Leader Member of the Audit Quality Committee

Andreas Andreou is an Audit & Assurance partner based in the Nicosia office and he is also the National Professional Practice Director (NPPD) since 1st of February 2018.

Andreas has served many large public and private companies in various areas of operation with specialisation in the insurance and financial services industry. He is also the Insurance Industry Leader for Deloitte Cyprus. Andreas is an IFRS Specialist of Deloitte Cyprus and very often, provides technical support and consultations on the application of the International Financial Reporting Standards. He also facilitates various technical seminars, both internally and externally.

Andreas has served as a member of the ICPAC Council from July 2015 until June 2018, after having served for five years as the Vice-Chairman and member of the Accounting Standards Committee of ICPAC.

#### **George Pantelides**

#### Human Capital Services Partner and Consulting Business Leader, Human Resources and Learning Leader

George Pantelides is a partner in the Consulting business line with Firm wide responsibilities for Human Capital Services. He is also the Head of Human Resources. George possesses extensive experience in a number of HR related areas and amongst his portfolio of clients are the most prestigious, well recognised local and international organisations. He is a coacher of a number of CEOs and Executives.

George is highly acknowledged for being a pioneer in developing and promoting HR best practices. He was the first in Cyprus to be accredited as an IIP advisor and has supported a number of organisations in achieving the Investors in People Standard.

#### **Maria Paschalis**

### Partner, Audit & Assurance Leader, Audit Learning Leader Member of the Audit Quality Committee

Maria Paschalis is a partner in Audit & Assurance based in the Nicosia office, serving a wide range of listed and private clients both in Cyprus and abroad. She is the learning leader for Deloitte Cyprus, responsible both for technical and shared competency learning in the audit practice. Since February 2018 Maria is the Audit & Assurance Business Leader.

Maria is a founding member of the Audit Quality Committee.





























#### **Governance Committee (formerly Oversight Board)** <sup>2</sup>

#### **Athos Chrysanthou**

#### **Audit & Assurance Partner & Chief Confidentiality Officer**

Athos Chrysanthou is a partner in the Audit & Assurance department in the Nicosia office. He has a variety of clients; public and private; including both local and international companies spread over a number of industries such as construction, manufacturing, distribution, retailing, travel and tourism. Athos is involved in a number of audits of non-profit organisations in Cyprus.

Athos has performed a number of special projects in areas such as profit improvement, financial due-diligence investigations and financial feasibility studies. He is responsible for the training of the trainee Chartered Certified Accountants of Deloitte Cyprus.

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#### **Antonis Taliotis**

#### Tax & Legal Partner, Tax Risk Leader Member of the Risk Committee and Member of the Partner Evaluation and Nomination Committee

Antonis Taliotis is a Tax & Legal partner based in the Limassol office with extensive experience in local and international taxation.

Before joining Deloitte as a tax partner he worked for the Cyprus Inland Revenue as a Principal Assessor. Antonis is the author of various articles on national and international taxation and regular speaker in conferences and seminars. He was actively assisting the University of Vienna team which advised the Cyprus government on the major reform which harmonised the Cyprus tax system to the EU Law and the OECD requirements. He is an IFA member, correspondent to the IBDF for Cyprus and tax consultant to the Cyprus Shipping Council.

#### **Panos Papadopoulos**

#### Audit & Assurance Partner, Business Process Solutions Partner and Director of Independence

Panos Papadopoulos is an Audit & Assurance partner serving mainly international clients operating in a variety of industries and some of the Firm's insurance clients. Since 2010 he serves as the Independence Director of the Cyprus Firm. Panos has also been charged with developing the Firm's Business Process Solutions proposition that operates from within our Tax & Legal business.

Outside the firm, Panos is a long-serving member of the International Business, Shipping and Foreign Investment Committee and previously was a long serving member of the Auditing Standards Committee of the Institute of Certified Public Accountants of Cyprus where he has served both as chairman and vice chairman.

#### Members of the Board, including Deloitte Legal

#### **Agis Agathocleous**

#### **Tax & Legal Partner**

Agis Agathocleous is a fellow member of the Association of Chartered Certified Accountants, and holds a BA degree from Essex University in Accounting, Finance and Economics. He is also a member of the Institute of Certified Public Accountants of Cyprus since 2000 and an active member of the Tax Committee of the Institute.

He started his career with Deloitte in 2004 and was invited to join the partnership as a tax partner in May 2014. Agis specialises in advising companies on Cyprus tax compliance issues as well as international taxation and planning and he is in charge of various consulting projects that include advising international business companies on structuring their tax affairs in a tax efficient manner.

He also participated in a number of taxation due diligence projects both involving Cyprus tax resident companies as well as international groups based abroad.

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#### **Alexis Agathocleous**

#### Audit & Assurance Partner, Audit Risk Leader and FSI Specialist Member of the Risk and Audit Quality Committees

Alexis Agathocleous is a partner in Audit & Assurance in the Limassol office. He is also the Audit Risk Leader and the Financial Services Industry Leader.

Having started his professional career with Deloitte in London in 1994, he transferred to Deloitte in Athens in 1998 where he became a partner in 2001. He joined Deloitte Cyprus in July 2007.

Alexis specialises in the audit of financial institutions and has been involved in several international offerings including listings on the New York Stock Exchange. He also has extensive experience is securitisations.

#### **Alkis Christodoulides**

#### **Audit & Assurance and Insolvency Partner**

Alkis Christodoulides is an Audit & Assurance partner serving a wide range of businesses both local and international and of various types including construction, manufacturing, retailing, media, entertainment and travel and tourism. He has also been involved in various corporate finance projects such as business valuations and due diligence assignments, theft investigations, liquidations and receiverships.

#### **Andreas Georgiou**

#### Audit & Assurance Partner and IFRS Technical Expert

Andreas Georgiou is an Audit & Assurance partner based in the Limassol office.

His audit clients include large International and local groups of public and private companies operating in Cyprus and abroad, in various industries, including private equity funds and security markets, retailing and steel trading. He has also lead a number of financial due diligence projects for prospective acquisitions and very often advises clients on the application of International Financial Reporting Standards.

#### **Gaston Hadjianastassiou**

#### Deloitte Legal Partner / Hadjianastassiou, Ioannides LLC

Gaston Hadjianastassiou is a founding partner and member of the Board of Directors of Hadjianastassiou, loannides LLC. Hadjianastassiou, loannides LLC joined the Deloitte Legal network and became an affiliate of Deloitte Limited in 2016. He graduated from Kings College London with an LL.B. (Hons) degree and having attended the Bar Vocational Course at the Inns of Court School of Law he was called to the Bar by the Middle Temple.

His areas of practice include commercial law, banking law, real estate law, immovable property law and employment law. Gaston is a member of the Cyprus Sport Supreme Judicial Committee.

#### **Kypros Ioannides**

#### Deloitte Legal Partner / Hadjianastassiou, Ioannides LLC

Kypros loannides is a founding partner and member of the Board of Directors of Hadjianastassiou, loannides LLC. Hadjianastassiou, loannides LLC the DeloitteLegal network and became an affiliate of Deloitte Limited in 2016. Kypros holds an MA degree in law from Cambridge University and was called to the Bar by the Honourable Society of the Middle Temple.

Kypros is the lecturer and examiner of Company law of the Cyprus Legal Council, the body responsible for admission to the advocates' profession in Cyprus and is also a member of the Companies and Tax Planning Committee of the Cyprus Bar Association. He is an appointed expert in the Company Law Steering Committee of the Ministry of Commerce, Industry and Tourism and represents the Republic of Cyprus in company law matters in the European Union. He has chaired the Company Law Working Group of the European Union Council during the Cypriot Presidency in the second half of 2012. He has served as a member of the board of the Cyprus Securities and Exchange Commission.

His areas of practice include corporate law, corporate financing, mergers and acquisitions, betting and gaming. He has substantial litigation experience in civil matters and commonly handles interlocutory injunctions in corporate and commercial disputes. He is a Recommended Lawyer of the Legal 500, EMEA.

#### **Christakis Ioannou**

#### **Audit & Assurance Partner**

Christakis Ioannou is an Audit & Assurance partner serving a wide range of businesses both local and international and of various types including construction, manufacturing, retailing and travel and tourism. He has also specialised in indirect taxation and has been involved in various corporate finance projects such as business valuations and due diligence assignments.

#### **George Martides**

#### Financial Advisory Partner and Risk Leader Member of the Risk Committee

George Martides is a partner in Financial Advisory (FA) of Deloitte in Cyprus. George has vast experience in Corporate Finance, Transaction Services, Valuations and other Financial Advisory services.

George has led a large number of projects, including Mergers and Acquisitions, Public Offerings and Flotations to Stock Exchanges in Cyprus and abroad, Financial Due Diligence Reviews, Capital Structuring and Debt Advisory, Fair Value estimates (valuations), Fairness Opinion reports, Business plans, Forensic and Dispute work, Group Restructuring and Reorganisation, Design and Implementation of Costing Systems, etc.





























#### **Christos Neocleous**

#### **Business Process Solutions Partner**

Christos Neocleous is a partner in delivering Business Process Solutions from within our Tax & Legal business with over 26 years of professional experience. He now leads delivery in Limassol as a result of his extensive knowledge of International Financial Reporting Standards, taxation policies, Companies Law and day to day administration processes providing a broad range of professional services to clients who elect to outsource specific accounting, payroll, financial reporting, corporate administration and secretarial processes.

Christos is skilled in numerous other areas including audit and he is also a licensed insolvency practitioner in Cyprus.

#### **Alecos Papalexandrou**

#### **Tax & Legal Partner**

Alecos Papalexandrou is a Tax & Legal partner based in the Limassol office. Alecos has 20 years of experience in the fields of national and international tax planning and tax compliance issues and 2 years of experience in the field of Corporate Finance. He has been with Deloitte since 2003.

He has been involved in a number of international corporate restructuring projects and has extensive experience in tax due diligence and international tax planning projects. Alecos provides tax advice across a range of industries, including oilfield services, shipping, real estate, financial services and banking.

#### **Christos Papamarkides**

#### Tax & Legal Partner, Indirect Tax Services Leader

Christos Papamarkides has a vast experience in local and international taxation and specialises in indirect taxation. His experience includes indirect tax planning, consulting and advising of clients, communication with the authorities. He is the major negotiator on indirect tax for resolutions of client's indirect tax matters with the VAT authorities in Cyprus.

Christos is an active member of the Institute of Certified Public Accountants in Cyprus (ICPAC) currently the Chairperson of the ICPAC VAT committee. He is participating in a number of meetings with the Minister of Finance, the House of Representatives and the Tax (VAT) Commissioner for the formulation of the Government's policies on VAT. Christos is a Member of the European Multi-Stakeholder Forum on e-Invoicing (EMSFEI) since September 2014, participating in meetings of the forum in Brussels, active member of the EMSFEI' activity group on the e-invoicing Regulation.

#### **Panicos G. Papamichael**

#### Partner, Risk Advisory Leader Member of the Risk Committee

Panicos Papamichael joined Deloitte in 2002. Prior to that he was the partner in charge of Ernst & Young's Management Consulting division whom he joined in 1981, first in London and subsequently in Cyprus. He specialises in Risk Advisory projects including Internal Audit and Cyber Risk. His competencies range from Risk Management, to Strategy & Operations, Enterprise Applications, Technology Integration and Financial Consulting.

He now leads the Risk Advisory team of the Firm and contributes to the development of the Firm's offerings to clients in the public, as well as the private industry sectors.





























#### **Demetris Papapericleous**

#### Audit & Assurance and Insolvency Partner Member of the Audit Quality Committee

Demetris Papapericleous is an Audit & Assurance partner based in the Limassol office.

Demetris' client portfolio includes a number of important clients of the firm operating in different industries with emphasis in the Hotel, Real estate and Travel and leisure sectors, comprising of local, public and private companies, as well as international clients. Demetris is also a qualified Insolvency Practitioner and in this capacity he deals with insolvency engagements such as accepting appointments as Receiver/Manager or advising clients and/or banking institutions on loan restructuring options.

#### **Nicos Spanoudis**

#### Partner in Charge in Larnaca, Audit & Assurance Partner

Nicos Spanoudis is the Partner in Charge of the Larnaca office of Deloitte Cyprus. He is an Audit & Assurance partner.

Nicos has extensive experience in accounting and public audit and he was the driving force behind the Larnaca office's expansion from where he serves a wide spectrum of local and international clients.

Nicos is well positioned in the local business community having excellent personal contacts with major banks, law offices and governmental and semi-governmental organisations.

#### **Panayiota Vayianou**

#### **Tax & Legal Partner**

Panayiota Vayianou is a Tax & Legal partner based in the Larnaca office.

Panayiota has worked for more than 25 years in the Inland Revenue Department of the Ministry of Finance, where she gained considerable experience in various and diverse tax related issues.

She has progressed from a clerical staff at Capital Gains and Immovable Property Department to a Principal Assessor 1st Grade in the Capital Gains Tax, Capital Statement examinations and Accounts Department and then to a Functional Head within the Larnaca District Inland Revenue Office.

#### **Yiannis Leonidou**

#### Audit & Assurance Partner (admitted to partnership on 1 June 2017)

Yiannis Leonidou joined Deloitte in 2007 and has over 20 years of experience in the audit profession. Yiannis has experience in the audit of listed companies on the Cyprus and other foreign stock exchanges as well as in the audit of private local and international companies in a number of industries including technology, financing, construction, hotels-leisure, software development, oil extraction, gaming, automotive, retailing, pension funds and agriculture. Yiannis travelled to many European, Middle East and Asian countries to lead audit assignments.

Yiannis is currently the Chairman of the IFRS committee of the ICPAC. He has also served as a member of various Committees of the ICPAC including Auditing Standards and Information Technology. He is also a member of our firm's IFRS and Audit Consultation Teams.

Yiannis holds a BA in Economics and Law Sciences from Aristotle University of Thessaloniki and is a Fellow Member of the Institute of Chartered Certified Accountants.





























#### **Kerry Whyte**

#### Audit & Assurance Partner Member of the Audit Quality Committee

Kerry Whyte is an Audit & Assurance partner based in the Nicosia office. She is involved in the audits of international business companies serving many of the firm's major international clients and regularly works with other Deloitte offices on multinational audit engagements. She is regularly involved in advising international clients on IFRS and company law compliance matters in connection with their activities through Cyprus and is a sought-after source of knowledge on the application of ISA's offering support and consultations to engagement teams across the practice. She is also a key member of the Learning team leading and facilitating Audit Learning events as well as the Practice Review Director for Deloitte Cyprus.

#### **Yiannis Sophianos**

#### **Audit & Assurance Partner**

Yiannis Sophianos is an Audit & Assurance partner based in the Nicosia office. During his eighteen year experience in the audit profession Yiannis has accumulated extensive experience in the audits of large local and international clients including public listed companies, group reporting structures and complex consolidation processes. His client portfolio includes clients in various industries such as professional services, manufacturing, distribution, retail, leisure, investment holding and construction and development. Recognised as a key member of the Firm's facilitation team, he has been delivering Audit Learning for some years.

Yiannis is a fellow member of the Institute of Chartered Accountants in England and Wales and holds a BSc degree from the London School of Economics.

#### **Kyriacos Vlachos**

#### Audit & Assurance Partner Member of the Audit Quality Committee

Kyriakos Vlachos has extensive experience in the audits of large local and international groups including public listed entities. His clientele include companies from various sectors including shipping, retail, hospitality and trading. Kyriakos is member of our firm's IFRS Consultation Team, and has been acting as a facilitator for various internal shipping and IFRS seminars. He is also a member of the Cyprus Investment Funds Association, the Cyprus Germany Business Association, the ICPAC Shipping Committee and the Audit Quality Committee.

Kyriakos holds a BA (Econ) in Accounting and Finance from the University of Manchester and is a fellow of the Institute of Chartered Accountants in England and Wales.

#### **Panikos Teklos**

## Risk & Wealth Advisory Partner, Regulatory Risk and Wealth Advisory Leader (admitted to partnership on 1 June 2018)

Panikos Teklos is a partner in the Risk Advisory service line and the Managing Director of Deloitte Investment Services Ltd based in the Nicosia office. Panikos brings a long and established international tenure from Investment Banking, Wealth Management, Strategic Consulting and Financial Advisory to service public sector, FSI and corporate clients, locally and abroad, with their constantly evolving regulatory, financial and strategic risk matters. He is the Investment Management, Regulatory Risk and Wealth Advisory services leader and has lead numerous projects in Regulatory Advisory (MiFID, EMIR, PRIIPs, AIFMD, UCITSD, CRR/CRD), Strategic Risk Advisory, Asset Liability and Capital Management, Treasury and Credit Risk modelling solutions, setup and ongoing advisory services for Investment Funds, Investment Firms, Asset Managers, ASPs and Banks. He is a Board Member at the Cyprus Investment Funds Association ("CIFA") as well as the Chairman of the Fund and Asset Management Committee of CIFA.

Panikos also leads the Wealth Advisory practice offering Private and Institutional clients with tailored solutions for their investment and wider wealth related portfolios, including wealth planning, succession and inheritance advisory and Family Office establishment and governance.





























# Partner remuneration





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#### Partner remuneration<sup>4</sup>

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

In accordance with global policies, Deloitte Cyprus' partners are evaluated on a yearly basis, and depending on the outcome of the evaluation, the remuneration of partners may increase or decrease. Partner remuneration is based upon a comprehensive evaluation of individual performance (both qualitative and quantitative) and contribution to the achievement of the Firm's strategic objectives. A dedicated Performance Evaluation Committee oversees the related process, so as to ensure consistent and equitable treatment.

Specifically, partner evaluations take the following factors into account:

Ethics, Quality and Risk Management (QRM): Uncompromising quality in all professional work and adherence to Risk management considerations; internal and external reviews outcomes

**Service Excellence:** Delivering excellence in the services provided, making an impact that matters

**Business Development:** Market related activity including stakeholder relations, thought leadership, innovation and brand protection roles

People Development: Contribution to mentoring, leading, recruitment, engagement, development and training of our people. Leadership Effectiveness: Being globally aware, innovative, experienced in the business, and ready to make decisions quickly and with rigor

Fulfilling the role of leader: Subject matter Leader (CCO, ethics, Independence, NPPD etc), risk leader, internal departmental leader, service line leader, member of a governance committee

#### Additional criteria

In addition, the following criteria are also used for assessing the performance and contribution of each partner:

**Clients:** Client portfolio managed and roles carried

**Brand and eminence:** Market related activity including stakeholder relations, thought leadership, innovation and brand protection roles

Revenue generation, growth and business building: Contribution to business development and relationship building

**Financial success:** Overall contribution to the financial success of Deloitte

We are confident that this approach precludes financial considerations from driving actions and decisions having a negative effect on service quality.

<sup>&</sup>lt;sup>4</sup> EU transparency reporting requirement: information concerning the basis for the partners' remuneration in audit firms.

#### **Appendix E | Parter remuneration**

Audit & Assurance partners are prohibited from earning or receiving compensation, bonuses and other direct financial incentives for selling products or services to their audit clients.

In the Partnership, there are Equity Partners and Associate Partners.

The Equity Partners share in the profits and subscribe the entire capital of Deloitte Ltd. Each partner's capital subscription is linked to his or her share of profit and is repaid in full on ceasing to be a partner. The rate of capital subscription is determined from time to time depending on the financing requirements of the business.

Equity partners draw a proportion of their profit share in twelve monthly on-account instalments during the year in which the profit is made, with the balance of their profit, net of a tax deduction, paid in instalments in subsequent years. All payments are made subject to the cash requirements of the

business. Tax retentions are paid to The Inland Revenue on behalf of partners with any excess being released to equity partners as appropriate.

Associate Partners have no units of interest, and considering the above, a fixed annual gross salary is being determined, plus a performance related bonus.

Partners (both Equity and Associate Partners), receive a bonus, the bonus pool being calculated based on the net profit of the Firm, while individual bonus allocation is based on the individual Performance Evaluation results. Under the Firm's Accountability Framework, the remuneration of Partners is also impacted by quality review outcomes.































#### **Appendix F | Contacts**

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#### **Appendix G | Locations**

# Locations



Deloitte serves clients in more than 150 countries and territories. Countries and territories with at least one Deloitte office in operation as of December 2017 are listed below. Countries and territories are broken out for convenience in identifying locations and are not intended as statements on political sovereignty. Please visit <a href="https://www.deloitte.com/GlobalOfficeDirectory">www.deloitte.com/GlobalOfficeDirectory</a> and contact an office near you to inquire about Deloitte capabilities to provide services in locations not listed below.

Albania
Algeria
Andorra
Angola
Argentina
Armenia
Aruba
Australia
Austria
Azerbaijan
Bahamas
Bahrain
Barbados
Belarus
Belgium
Benin
Bermuda
Bolivia
Bonaire
Bosnia-Herzegovina
Botswana

Brazil

Bulgaria

Burundi

Cambodia

British Virgin Islands

Brunei Darussalam

Canada Cayman Islands Chad Channel Islands (Jersey and Guernsey) Chile China Colombia Congo (Brazzaville) Congo (Democratic Republic of) Costa Rica Croatia Curaçao Cyprus Czech Republic Denmark Dominican Republic Ecuador Egypt El Salvador Equatorial Guinea Estonia Ethiopia Finland France

Cameroon

Gabon Georgia Germany Ghana Gibraltar Greece Greenland Guam Guatemala Honduras Hong Kong SAR Hungary Iceland India Indonesia Iraq Ireland Isle of Man Israel Italy Ivory Coast Japan Jordan Kazakhstan Kenya Korea (Republic of) Kosovo

Kyrgyzstan Lao PDR Latvia Lebanon Lithuania Luxembourg Macau SAR Macedonia Malawi Malaysia Malta Marshall Islands Mauritius Mexico Micronesia (Federal States of) Moldova (Republic of) Monaco Mongolia Montenegro Morocco Mozambique Myanmar Namibia Netherlands New Zealand Nicaragua

Kuwait

Nigeria Northern Mariana Islands Norway Oman Pakistan Palau Panama Papua New Guinea Paraguay Peru Philippines Poland Portugal Puerto Rico Oatar Romania Russian Federation Rwanda Saudi Arabia Senegal Serbia (Republic of) Singapore

Slovak Republic

Solomon Islands

South Africa

Slovenia

Spain

Sweden Switzerland Taiwan Tajikistan Tanzania (United Republic of) Thailand Timor-Leste Togo Trinidad and Tobago Tunisia Turkey Turkmenistan Uganda Ukraine United Arab Emirates United Kingdom of Great Britain and Northern Ireland **United States** United States Virgin Islands Uruguay Uzbekistan Venezuela Viet Nam Yemen Zambia Zimbabwe





























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