

**Deloitte.**



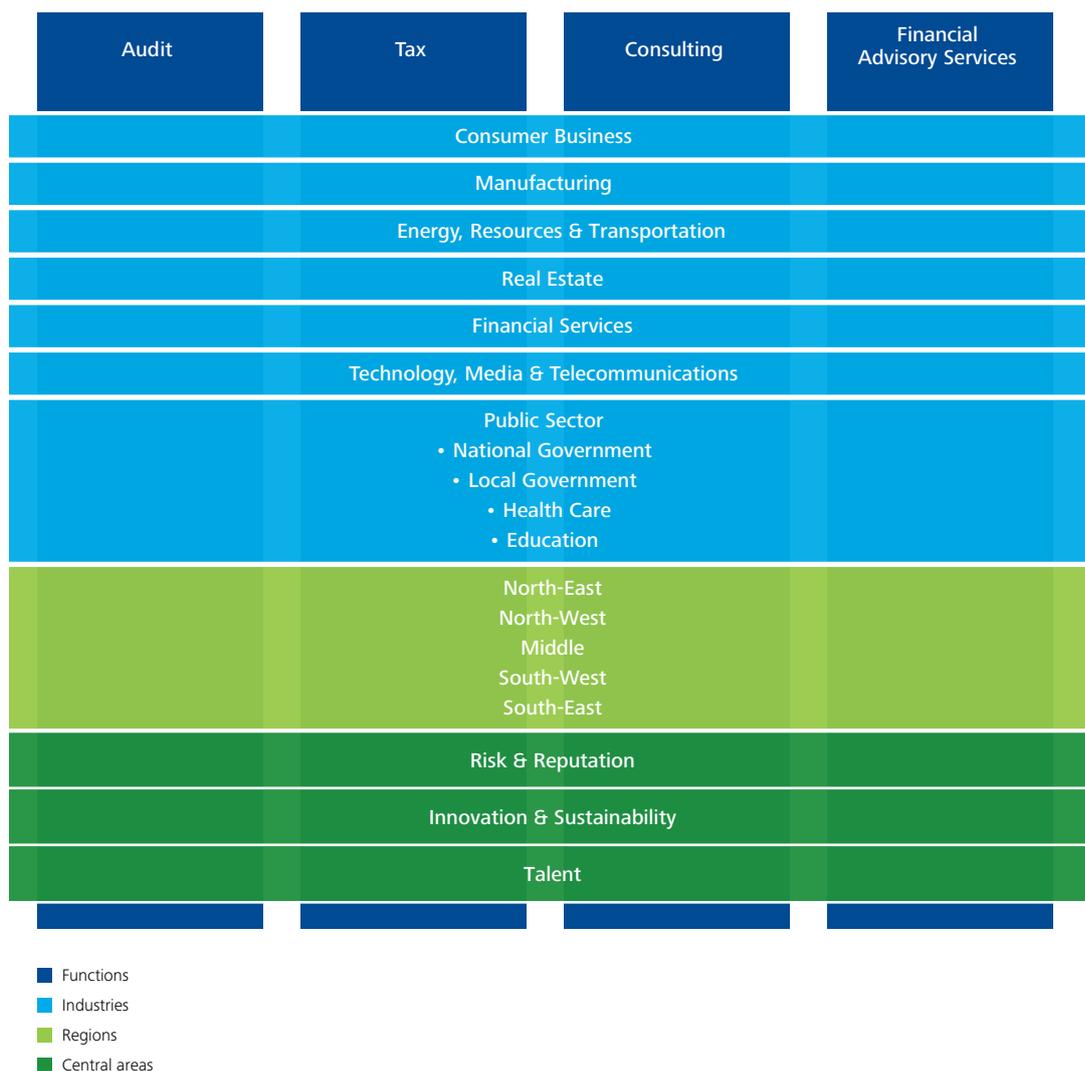
Annual Report  
2012/2013.





# Deloitte structure

This annual report highlights the activities of Deloitte in the Netherlands for the year ended 31 May 2013. The Deloitte organisational structure is divided into four core vertical functions that collaborate across dedicated market segments.



# Financial highlights

	2012/2013	2011/2012	2010/2011	2009/2010
<b>Net turnover (€ thousands)</b>	<b>631,031</b>	<b>637,784</b>	<b>631,968</b>	<b>630,501</b>
Relative change in net turnover (2009/2010 = 100)	100.1	101.2	100.2	100
Average number of staff in full-time equivalents	4,099	4,229	4,235	4,385
Average number of partners in full-time equivalents	242	246	237	239
Net turnover per employee (x € thousands)	145	143	141	136
Net turnover per partner (x € thousands)	2,608	2,593	2,667	2,638
<b>Result on ordinary activities before tax (€ thousands)</b>	<b>88,563</b>	<b>99,285</b>	<b>98,756</b>	<b>106,857</b>
Net result as % of net turnover	14.0	15.6	15.6	16.9
Net result per partner (€ thousands)	366	404	417	447
<b>Net turnover per business category (€ millions)</b>				
Audit	277	289	312	331
Tax	163	175	182	173
Consulting	146	125	95	81
Financial Advisory Services	43	44	43	46
Innovation	1	4	-	-
Other	1	1	-	-
<b>Total</b>	<b>631</b>	<b>638</b>	<b>632</b>	<b>631</b>
<b>Operating result per business category (€ millions)</b>				
Audit	36	45	50	57
Tax	27	38	39	34
Consulting	23	20	17	13
Financial Advisory Services	10	13	12	12
Innovation	(6)	(4)	(8)	(2)
Other	4	(5)	(4)	-
<b>Total operating result</b>	<b>94</b>	<b>107</b>	<b>106</b>	<b>114</b>
Financial income and expenditure	(5)	(8)	(7)	(7)
<b>Result on ordinary activities before tax (€ millions)</b>	<b>89</b>	<b>99</b>	<b>99</b>	<b>107</b>
<b>Net turnover per business category in %</b>				
Audit	44	45	49	53
Tax	26	27	29	27
Consulting	23	20	15	13
Financial Advisory Services	7	7	7	7
Innovation	-	1	-	-
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

# Report from the Executive Board

The fiscal year ending 31 May 2013 was a period of relative stability for Deloitte, with a net turnover of 631 million, a small decline compared to the previous year. However, net results decreased with approximately 10%. Among the functions, Consulting delivered the strongest performance.

Our eight-member Executive Board was fully operational for its first year. In the year, the Board saw the appointment of members Peter Bommel as CEO and Marco van der Vegte as Managing Partner Audit. This structure enables appropriate representation of all elements of our business and provides the board members to dedicate a significant amount of their time to clients and targets.

The net turnover remained relatively stable, but this is mainly caused by an increase in the costs of subcontracted work. Adjusted for this increase our net revenue declined with 4%.

For the third consecutive year, Consulting delivered double digit growth (16%), a remarkable achievement in the current economic climate. In the mature audit and tax markets, standardisation, automation and intense price pressures continued to impact our business and led to a decline in net revenues in Audit of 4% and in Tax of 7%. In FAS, net revenues decreased by 4% as a result of reduced Merger & Acquisitions (M&A) activity.

New legislation is expected to have an impact on the way we deliver our services. The Dutch parliament's decision to support mandatory audit firm rotation for Public Interest Entities (PIE's) every eight years and to limit the number of non-audit services at audit clients, was high on the agenda in our conversations with PIE clients and in our internal strategic discussions.

Innovation is indispensable for growth in the market and that is why we have sought to be the most innovative provider, with major investments in new service areas, Data Analytics and Security & Privacy being the most significant.



## Performance by function

### Audit

The audit market is still affected by significant competition and price pressures within a declining market. In addition to this, the ongoing economic conditions have impacted audit related services excluding advisory. During the year, our focus on quality, including regulatory demands, had a significant impact on the costs of audit delivery. The combination of decreasing price levels and increasing costs, has had a major impact on our profitability. Total turnover decreased by 4% and operating result dropped with 21%.

Whereas traditional audit services are declining, Risk Services established a second year of growth in revenue and operating results. New technology services, including those related to cyber security, are delivered successfully and significant investments in technology



(From left to right) Mario van Vliet, Cees de Boer, Sandra Heuts, Wilten Smit, Marco van der Vegte, Peter Bommel, Mennolt Beelen, Richard Roovers.

and people have been made to secure our growth possibilities.

#### **Tax**

The market is slowly contracting due to increasing standardisation and automation, greater competition and the entrance of new players in the market place. This brought renewed pressure on our net revenues and led to a drop of 7%. Compared to last year, price level remained relatively stable. Technology has become more important. We believe that Deloitte can take a leading role in the Dutch tax market and we therefore invest in new technology, standardised processes and an efficient delivery model.

#### **Consulting**

Our consulting business delivered double digit growth for the third consecutive year. The 16% increase in net

revenues is a remarkable achievement given the total consulting market in the Netherlands provided little to no growth. This means that our consulting business has been able to realise gain in market share in the competitive Dutch consulting market. Growth was mainly seen in Manufacturing, Telecom, Media and Technology, Energy and Utilities and Financial Services Industry, while the position within the Public Sector was sustained. The service areas that saw the strongest growth were Technology and Human Capital.

#### **Financial Advisory Services (FAS)**

During 2012/2013, FAS was affected by the uncertainty and contraction that took place in all its markets. As a consequence, revenues for most services declined. The restructuring business grew and the Transaction Services business saw a further improvement in their market position with large vendor due diligence

assignments for various multinationals. The corporate finance business declined as a result of fewer M&A transactions.

As a result of the decision by the Dutch government to increase the retirement age, the pension advisory business picked up during second half of the financial year. The real estate market continued to be constrained by financing and valuation issues that created both opportunities and challenges for our business. Total turnover decreased by 4% in 2012/2013.

#### **Our strategy**

In 2012/2013 we continued to implement our 'As One' strategy, the roadmap to fulfill our vision to be the Standard of Excellence. The strategy has three drivers: quality, sustainable growth and return. Specific initiatives have been defined for each driver.

#### **Quality**

It is vitally important to maintain and improve the quality of our services at all times. To be the 'Standard of Excellence' means that Deloitte meets the highest professional standards. We seek to strengthen our quality by investing in our people, who are our most valuable asset. Specific quality programmes have been implemented in the areas of talent, performance management and quality measurement.

#### **Growth**

Growth is challenging in today's market, in particular for more mature businesses such as Audit and Tax. We are aiming for sustainable growth by building on deep industry knowledge, dedicated account teams, and an ongoing commitment to innovation. In Consulting, we have been able to deliver on this growth potential.

We invest over 1% of our revenues in Innovation programmes to develop new value propositions for our clients, enabled by breakthrough technologies. Some examples are Assuring the Cloud, Hacking as a service and Process X-ray.

In the fiscal year 2012/2013, Deloitte acquired IT services provider Vivens, a specialised technology service provider. Through this acquisition, Deloitte has become the market leader for Salesforce.com services in the Benelux.

#### **Return**

This year we started a 'Radical Cost Reduction' project that will substantially reduce our cost base going forward, and allows us to continue investing in quality and growth. This project had significant impact on our costs during this year and will continue to reduce cost in the next three years.

#### **Market focus**

In the current market, Deloitte operates in an environment that has been impacted by the turbulent economic conditions. The challenge for professional services firms is to continuously adapt to the changing market circumstances. We responded by standing alongside our clients, from advice to implementation, as part of a long-term partnership. We help our clients by adding value to their core activities, mitigating risks, and providing assurance based on a deep-seated understanding of their needs and ambitions, the markets in which they operate and the way in which they do business.

We deliver our capabilities via dedicated teams with deep industry and market knowledge. Our clients benefit from our market position by giving them access to the breadth of our services and business relationships. This provides them with a platform to network with, and make use of the connections we continuously build with relevant peers. As a result of this approach, we have seen the average revenue per client for our key accounts increase by 10% in the last year, which has been supported by an increase in the number of services.

Our continuous focus on innovation and adequate response to market developments has resulted in many client partnerships. Last year we have provided insights by understanding and combining data from clients and marketplace to deliver value adding advice. Our ability to also implement these solutions gives us a competitive advantage in our market.

This approach is also successful in the highly competitive SME market, consisting of companies with an annual turnover below € 50 million. From the start of Deloitte over 150 years ago, the SME-market has been a very important market and will remain so. For this market we optimise our approach to meet the distinctive needs of our SME-clients with technology-

enabled solutions to deliver clear benefits to our clients. In the year 2012/2013, we modernised the Deloitte CTRL platform; a significant innovation through which to do online business, providing a variety of services at competitive fixed prices. These services include accounting and advice. With this approach we make our extensive expertise accessible to the SME market.

In the mid-market, where companies' annual revenues are between € 50 million and € 1 billion, we are exploring multiple growth opportunities with our full service approach that combines our traditional Audit and Tax services with our consulting expertise. To do so, we have country-wide, multifunctional teams that bring each client the right mix of people and skills. The current economy increases the need for mid-market clients to drive technology enabled solutions. We organise two successful business programmes for this market segment: Best Managed Companies and Fast 50 – for fast growing technology companies. These programmes offer unique possibilities for mid-market organisations to distinguish themselves and establish their reputation.

For our clients in the corporate market, where revenues exceed €1 billion, we provide services such as digitalisation, operational excellence, growth and innovation, based on our international network to ensure global connectivity and strong local positions. The corporate market has an increased need for services around greater transparency, risk mitigation and hyper connectivity. We anticipate the need to develop specific services for risk reporting, corporate governance and data analytics. Economic pressures have led to an increased demand for services related to cost reductions, corporate and competitive strategy, increasing efficiency and restructuring services.

For many years Deloitte has had an excellent reputation and strong market position in the public sector, ranging from municipalities to national government institutions, schools, health care institutions and housing corporations, to name only a few. Deloitte is highly active in the public sector, where we have taken important steps to further improve our services by increasing efficiencies. Although the outlook in the local and national government sector remains challenging, our position enables us to support growth that continues in the areas of healthcare and education.

### **Global focus**

As part of a wider global network it is of utmost importance to have a global focus for our member firm. In this rapidly changing global environment, we support the efforts of our clients to grasp growth opportunities in foreign markets. This approach is enhanced by our global methodologies and industry alignment which ensures a professional and borderless approach across all our member firms.

### **Regulatory environment**

The public debate taking place in the audit sector at a national and international level mainly focuses on audit quality and auditor independence. In December 2012, new legislation was approved by the Dutch parliament, in the form of the Audit Profession Act (Wab), on the separation of audit and other services and on mandatory audit firm rotation.

This legislation affects the market segment of public interest entities (PIE's or OOB in the Dutch language). Audit firms have to anticipate the need for mandatory firm rotation. As of 1 January 2013, the statutory auditor for PIE's will only deliver audit services that comprise the statutory audit and a limited number of other assurance services. Similar topics are under discussion at a European level. It is not clear when the European Union will make decisions on such topics.

Further topics in the public debate have been the scope of audit and the need for a greater focus on risk management, sustainable business models, integrated reporting and the future role of audit in relation to its responsibilities to the Supervisory Board, Audit Committees, shareholders and society as a whole.

At Deloitte, we are participating in this debate proactively with a broad range of stakeholders. We are voicing our views in the media and through Deloitte publications, such as 'The future of supervision'. We believe that excellent audit quality and a strong independence should be the primary focus areas for regulators. The enhancement of the role of auditors responds to societal demands for greater assurance on the financial stability and continuity of companies. It requires a proactive auditor that communicates in a clear way to supervisory boards and to society as a whole. Towards this goal, we support the efforts of the International Integrated Reporting Council to promote

integrated reporting, as well as other initiatives that enhance risk reporting in the annual accounts and to supervisory bodies.

### People

Despite the economic uncertainty we continue to build our high performance culture by attracting new talent. This is important to our strategy as new talent delivers new insights and experiences that are vitally important to an innovative professional services firm.

We strengthened our brand in the labour market with a highly innovative recruitment website. We support this site through social media channels, including Twitter and Facebook and we seek the support of our 4,500 employees when searching for new talent. Around 30% of our experienced hires were attracted with the aid of our referral programmes. For attracting graduates, our recruiters organise business courses and around 170 events each year on university campuses.

### Retaining talent

The most important element of our retention strategy is the quality of leadership of all our people and especially of our partners and directors. Deloitte seeks to develop, next to the best experts, the best leaders. We do so by offering an environment in which they can excel.

Development is a shared responsibility and Deloitte offers opportunities and feedback. The individual creates or seizes the opportunities and translates them in personal growth. Our learning curriculum is designed to be a continuous learning journey. It comprises different delivery methods, including classroom work, online courses, simulations and on the job experience. Our best leaders teach at our Deloitte University, which is where we build our culture and identity, skills and networks. Additionally, we organise local trainings specifically for the Dutch market.

Our Career, Remuneration and Labour Conditions Policy is important to our people strategy. It is designed to respond quickly and as responsibly as possible to changing market needs. Flexibility and career choices are crucial elements to our competitiveness. We have renewed our policies based on a more mature relationship between the company and the employee. For example, we made our bonuses profit-based

and introduced a relative norm for performance assessments. In these assessments we make behavior as important as output and create the conditions for continuous feedback and clear expectations.

One approach to flexibility has been to allocate more working hours to busier parts of the year and fewer to calmer periods in audit. We also work with a more flexible workforce through our offices in India.

### Alumni

It is our ambition that ex-Deloiters remain lifelong ambassadors and actively contribute to the power of our network. To this end, we have established the Deloitte Alumni Network, which to date comprises around 2,000 people, compared to 500 last year.

### Innovation

Our innovation capabilities have continued to grow in line with our strategy. Our dedicated innovation business unit enables us to adapt to the future needs of the market through an incubator programme whereby employees can develop their business ideas into business offerings. Deloitte develops between four and six new viable market propositions each year.

Among the business ideas brought to the market is the service 'Assuring the Cloud', which provides assurance on the physical location of data within a cloud. Another example is 'Data Analytics', which enables Deloitte to improve expertise, technology and scalability for extracting and analysing data.

We have also continued to develop 'Process X-ray'; a unique software-based solution that gives businesses a better understanding of how business processes can be better executed. Now it is available as a 'Box' solution that Deloitte consultants can bring along as a portable analytics solution for a wide range of clients.

During the year, we entered the world of life sciences & healthcare with 'Life Track' by modifying existing Deloitte services and revenue models to meet the specific demands of this young industry. Life Track combines business and science to get the best of both worlds.

Another initiative was our innovation LAB, which focuses on co-creating specific solutions with clients.

Innovation LABs have been organised for our Risk Services (RiskLAB), with over 300 clients attending. In October 2012, we opened the iZone space in Utrecht. This high tech environment enables us to create an environment for our clients in which 'out of the box' thinking is stimulated. By using our innovation capabilities combined with technology, this environment creates a different mindset which helps to generate ideas for new products or services.

We are also using innovation to help prepare our clients for the future by holding a number of strategic sessions so they understand the threats and opportunities in their markets in the coming years. Last year, we held two sessions: 'The Technology-driven CEO', in partnership with Singularity University, about the exponential growth of Technology; and 'The data driven CEO', which included Andrew McAfee as the keynote speaker and covered the impact of Big Data and its business implications. Both these sessions are part of the larger CEO Growth Track programme, which started in 2010 with Al Gore, Nassim Taleb, Juan Enriquez and Don Tapscott as keynote speakers.

In the coming year, we will place a strong focus on analytics in everything we do, while focusing on radical innovations through our incubator, and continuing with our Growth Track programme.

### **Sustainability**

In line with our As One strategy, we have developed an integrated approach to sustainability that is leading us to embed it into all our service offerings. At the same time, we are continuously improving our own performance in terms of our ecological footprint and our impact on people and society at large. The added value we provide comes from crossing-over some of these internal experiences with our external activities.

We do not see sustainability as an isolated activity but have chosen to integrate sustainability in our service lines. This means that in all our service lines, the necessary expertise is available to help our clients enhance the sustainability of their business processes. Examples of our approach are the report on sustainable municipal real estate that was issued by our Real Estate team and the publication "From long reports to reporting on the long term" that was published by Audit in April 2013.

In the year, we worked towards reaching the 2016 sustainability targets we published in our 2011/2012 Report. An important milestone of our activities has been the introduction of our Supplier Code in March 2013. Our Sustainability Report 2012/2013 contains detailed information about our activities and contains a full breakdown of our performance.

### **Brand Strength**

The 'Deloitte on Data' campaign highlighted our vision, insights, perspectives and capabilities in the area of data analysis, interpretation and protection. The leading news site Nu.nl has proven to be a great platform to do so. A total of 55 million impressions were counted and more than 442,000 unique visitors came to our content pages through this news site. Deloitte was nominated for several communications awards for this campaign.

To optimise the impact of events, we made use of thought leadership opportunities in the media and online social networks. This strategy has yielded strong results, including a 17.3% increase in the number of visitors to [www.deloitte.nl](http://www.deloitte.nl) compared to the year 2011/2012 and made us frontrunners in the use of social media among the Big Four. Our share of voice compared to these competitors is around 50% higher. Over the next three years, we will continue to generate branded content that reaches stakeholders in a visible, innovative and personal way.

Our employees are the most important ambassadors of our brand, and we have upgraded our internal communications strategy to increase strategy alignment and employee engagement. Our internal communication activities increased by relaunching our personnel magazine, by sending out an innovative new year's message, by introducing Deloitte TV which is an internal monthly news broadcast and through quarterly strategy and financial performance updates.

For the third consecutive year, our sponsorship of the Dutch Golf Federation (NGF), the Deloitte Ladies Open, the KLM Open and for the final year, the Van Lanschot Senior Open, has increased our visibility in corporate circles and helped to deepen our client relationships. Over 2,000 employees and clients visited the KLM Open and all three tournaments were instrumental in supporting our business development efforts, with a great variety of meetings for clients and prospects.

### **Fair Chance Foundation**

We have continued our work with the Deloitte Fair Chance Foundation, now in its third year, to channel our social work in local communities. The Foundation gives disadvantaged children in the Netherlands the chance to develop their knowledge and skills by leveraging the time, funds and expertise of our people through educational programmes. In 2012/2013, around 4,007 children and young adults benefited from a range of programmes and initiatives. One of the most successful was Impact Day, which took place on November 15, 2012. That day, 422 Deloitteers volunteered their time to educational projects that reached 2,500 students. For the first this year, some of our clients also participated in the activities of the Fair Chance Foundation.

### **Outlook**

The uncertainty that has impacted our markets will continue in the years ahead. Our 'As One' strategy, and re with its focus on quality and sustainable growth and return, provides the best roadmap for our continued success and that of our clients.

We continue to invest in growth areas such as data analytics, digital and technology based business solutions, and cyber security. It is our ambition that Deloitte becomes a data insights firm that is capable of translating information into business impact for its clients which will drive new services and growth.

Based on our current market assumptions we expect our revenue, results, investment and number of employees to be stable compared to last year.

# Financial results 2012/2013

Turnover in the financial year 2012/2013 is stable and in line with the three previous financial years. Compared to last year the turnover of financial year 2012/2013 resulted in a small decrease of 1.1%. However, this is mainly caused by an increase in the costs of subcontracted work. Adjusted for this increase our net revenues declined with 4%. Profit levels declined as a consequence of price pressure and increased direct service delivery costs while indirect operational costs declined. Business volumes and profitability varied across the functions.

## Net turnover

The net turnover declined by 4.2% in Audit and 6.8% in Tax. Consulting net turnover showed a strong increase of 16.1% and net turnover of Financial Advisory Services declined by 3.7%. From an industry perspective, growth was achieved in the Manufacturing industry (1.4%). Turnover in Public Sector and Technology, Media and Telecommunication stabilised, while the Consumer Business, Energy, Resources & Transportation industry, Financial Services Industry, and Real Estate faced tough economic conditions resulting in a decline in turnover.

The number of people recruited declined for the second consecutive year despite strong growth in Consulting. The growth in number of people at Consulting is also a result of acquisitions. Net turnover per employee increased by 2.0% from €143,000 last year to €145,000 this year.

## Operating expenses

Operating expenses of the total organisation increased in the year by 1.0% to €537.7 million, mainly due to costs of subcontracted work and other external costs (26.8%), which is largely compensated for by a decrease in overhead costs. Payroll costs have increased despite a significant decrease in formation. This is primarily caused by a refund of pension contributions received in the fiscal year 2011/2012, with respect to pension premiums paid in the previous years.

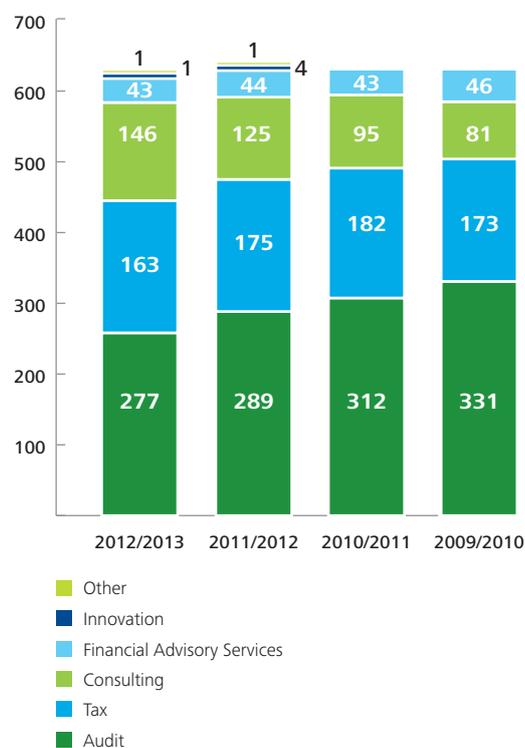
## Results

Our results from ordinary activities before taxation have decreased by 10.8% compared to last year €88.6 million.

## Financial position

The financial year 2012/2013 resulted in a decrease in cash flow (€26.2 million). At the same time, our use of credit facilities remained well within their covenants. Investments reached €10.8 million and increased compared to the €7.5 million in the previous year (+43.3%). The group's base capital (group equity and subordinated loans) increased from €116.7 million to €119.1 million. As a percentage of the balance sheet total, the group's base capital increased from 46.2% to 47.6%. Working capital increased following an increase in receivables of 5.7% while work-in-progress decreased 1.1%.

Net turnover



Segmented information for the period 1 June 2012 to 31 May 2013

in € thousands	Audit	Tax	Consulting	FAS	Innovation	Support/ Holding	Elimination	Total
<b>Net turnover</b>	<b>276,922</b>	<b>162,696</b>	<b>145,684</b>	<b>42,676</b>	<b>1,555</b>	<b>1,498</b>	-	<b>631,031</b>
Own production capitalised	-	-	-	-	620	-	-	620
Other operating income	88	351	-	-	-	176,734	(176,734)	439
<b>Total operating income</b>	<b>277,010</b>	<b>163,047</b>	<b>145,684</b>	<b>42,676</b>	<b>2,175</b>	<b>178,232</b>	<b>(176,734)</b>	<b>632,090</b>
Costs of subcontracted work and other external costs	19,729	14,729	31,767	3,337	134	5,652	-	75,348
Salaries and social security charges	117,375	61,169	50,880	15,947	4,811	75,249	(41,730)	283,701
Amortisation of intangible and depreciation of tangible fixed assets	1,004	1,015	1,070	-	308	12,712	-	16,109
Impairments of in-/tangible fixed assets	-	280	-	-	-	-	-	280
Other operating expenses	103,054	58,610	38,780	13,473	3,183	80,150	(135,004)	162,246
<b>Total operating expenses</b>	<b>241,162</b>	<b>135,803</b>	<b>122,497</b>	<b>32,757</b>	<b>8,436</b>	<b>173,763</b>	<b>(176,734)</b>	<b>537,684</b>
<b>Operating result</b>	<b>35,848</b>	<b>27,244</b>	<b>23,187</b>	<b>9,919</b>	<b>(6,261)</b>	<b>4,469</b>	-	<b>94,406</b>

Segmented information for the period 1 June 2011 to 31 May 2012

in € thousands	Audit	Tax	Consulting	FAS	Innovation	Support/ Holding	Elimination	Total
<b>Net turnover</b>	<b>288,971</b>	<b>174,479</b>	<b>125,441</b>	<b>44,299</b>	<b>3,483</b>	<b>1,111</b>	-	<b>637,784</b>
Own production capitalised	-	-	-	-	1,538	-	-	1,538
Other operating income	95	71	-	-	-	176,215	(176,215)	166
<b>Total operating income</b>	<b>289,066</b>	<b>174,550</b>	<b>125,441</b>	<b>44,299</b>	<b>5,021</b>	<b>177,326</b>	<b>(176,215)</b>	<b>639,488</b>
Costs of subcontracted work and other external costs	15,899	14,134	23,661	1,683	78	3,965	-	59,420
Salaries and social security charges	118,822	62,177	46,552	15,842	6,000	76,431	(42,500)	283,324
Amortisation of intangible and depreciation of tangible fixed assets	1,024	1,016	940	-	129	15,937	-	19,046
Impairments of in-/tangible fixed assets	-	-	-	-	-	-	-	-
Other operating expenses	107,909	59,616	34,283	13,214	3,128	86,093	(133,715)	170,528
<b>Total operating expenses</b>	<b>243,654</b>	<b>136,943</b>	<b>105,436</b>	<b>30,739</b>	<b>9,335</b>	<b>182,426</b>	<b>(176,215)</b>	<b>532,318</b>
<b>Operating result</b>	<b>45,412</b>	<b>37,607</b>	<b>20,005</b>	<b>13,560</b>	<b>(4,314)</b>	<b>(5,100)</b>	-	<b>107,170</b>

# Risk management

The Executive Board is responsible for ensuring internal risk management and effective control systems. The Board is responsible for actively managing all strategic, financial and operational risks and ensuring that adequate risk management and control mechanisms are in place and that the strategic, quality, operational and financial risks are sufficiently assessed.

## Quality Control Framework

Deloitte's Executive Board is responsible for designing, implementing and operating risk management and control systems within the company. The Executive Board assesses its risk management and control systems through an Enterprise Risk Management model known as the Quality Control Framework (QCF). This includes drawing up policies, establishing processes, assigning tasks, guiding behaviour and monitoring activities to enable the company to achieve its objectives, while minimising the potential for errors, sustaining losses, committing or becoming a victim of fraud, or violating any laws and regulations. Through this framework, we are consistently analysing and evaluating our internal risk management and control systems, with the aim of embedding a joint vision for quality in our culture, in a measurable way. At the same time, we recognise that proper and effective risk management and control systems do not guarantee

that objectives will be achieved, nor can they entirely prevent substantial errors, losses, fraud or the violation of laws and regulations. In the year under review, we analysed and evaluated the control environment, including the risks to which Deloitte is exposed.

## Assessment during 2012/2013

During the financial year 2012/2013, Deloitte implemented its QCF across all functions and through the central organisation. The main components of our risk framework and control system in the year are shown in the table below. It includes a description of the main risks by area; an assessment of the impact they could have on our business; and the risk mitigating measures that have been taken to prevent it. Based on an ongoing evaluation of the various risks and our mitigation processes, we continue to work on strengthening the controls in order to mitigate these risks in alignment with our risk appetite.

The Executive Board believes that its internal risk management and control systems provide a reasonable degree of certainty that these internal control systems worked properly in the year under review.

Type of risk	Possible impact	Mitigation
<b>Strategic</b>		
Inability to react to external factors.	Strategy not aligned to developments in economy and/or the geopolitical environment.	External developments are continuously evaluated and form part of our business planning process and strategy updates.
Inability to successfully achieve and integrate acquisitions.	Acquisitions create a threat for the stability of our organisation and/or are unrewarding.	For every acquisition, a project team is installed leading by a Board member.
Inability to have consistent, scalable, competitive, quality-focused service offerings that are aligned to clients' and regulators' expectations.	Services that do not meet client/regulator expectations result in loss of revenue.	There is a process in place to continually identify priority markets. Investments in an appropriate infrastructure to fully serve desired global, national and local clients with existing and new service offerings.
Inability to successfully brand Deloitte and to react to brand damaging/enhancement events in a timely manner.	Damage to our reputation.	Our As One Strategy includes branding and the positioning of Deloitte as a good corporate citizen. We are able to react in a timely and professional manner to issues that may arise.

Type of risk	Possible impact	Mitigation
<b>Client Service</b>		
Inability to maintain and enhance the quality of the client portfolio.	Loss of clients.	A yearly portfolio Risk Review process is performed in each function. Furthermore, client and engagement acceptance procedures, which include background checks and conflict of interest checks, are in place.
Inability to effectively serve our client and prevent failures in service delivery.	Loss of clients.	Consistent methodologies and technologies are in place, as well as robust quality reviews and client feedback processes.
<b>Regulatory and legal</b>		
Inability to proactively identify, anticipate, rapidly respond and adapt to regulatory developments or changes	Regulatory breaches due to delays in adapting to changes in the regulatory environment.	A specific strategic project has been initiated in order to prepare for regulatory changes.
Inability to prevent breaches of regulatory, legal, ethical or professional requirements and to manage current and pending litigation against the firm.	Damage to our reputation.	Every employee confirms yearly to adhere to the Code of Conduct and participates in training sessions. Within each Function, the Functional Risk Leader has implemented a robust risk management system. Any litigation against our firm is dealt with by our Legal Affairs group.
Inability to maintain adequate security of pertinent information to comply with confidentiality and privacy requirements and prevent unauthorised access.	Loss of (confidential) data.	Both logistical- and physical IT-access controls in place. Measures have been taken to raise awareness levels.
<b>Talent</b>		
Inability to attract and develop sufficient talent with the appropriate integrity, skills, experience and potential.	Loss of top talent.	An attractive leadership journey program to develop talent is in place within every function.
Inability to retain and engage top talent with the necessary skills and leadership potential.	Loss of top talent.	Our potential in talent is systematically mapped, and we have built a culture of engagement. Succession planning is also in place.
<b>Operational</b>		
Inability to develop and implement consistent, sophisticated, cohesive, adaptable and compatible information systems, and to plan for critical infrastructure disruptions and recover from business interruptions.	Major business interruptions.	High class information systems are in place and continuity policies have been implemented.
Inability to have sufficient cash flow to meet normal operations and financial obligations	Insufficient liquidity to meet financial obligations.	Cash flow reports are monitored on a daily bases.
Inability to ensure the safety of member firm partners and employees that are on firm or client business, particularly in higher risk countries and offsite locations	The safety and security of our partners and personnel is not guaranteed.	Sending out a travelling alert. And following system is in place, as well as a medical support organisation. Our travel agency is briefed on how to act in case of travel requests to higher risk countries.

### **Accountants' Organisations (Supervision) Act**

Based on the requirements of the Dutch Accountants' Organisations (Supervision) Act, audit companies must monitor the quality of the statutory auditing activities they perform and the accuracy of the statements they issue relating to company accounts. In accordance with Article 23.1 of this Act, the Executive Board of Deloitte Accountants BV has appointed a Compliance Officer and a Deputy Compliance Officer. They report to the Executive Board and to the Audit Function Leader. The duties of the Compliance Officer are described in the Group Management Statute and further defined in the Deloitte Policy Manual. The same Act requires audit companies to be in possession of a permit to carry out 'statutory audits', which Deloitte obtained as of October 1, 2007. In accordance with Article 30 of the Accountants' Organisations (Supervision) Act, audit companies are required to draw up a transparency report. Deloitte publishes its annual Transparency Report on its public website. Please refer to the Transparency Report financial year 2012/2013 for a detailed discussion and description of accountability in the delivery of quality in our audit services.

### **The future of audit**

The discussions on the regulatory initiatives for the audit profession and audit firms are important issues on Deloitte's strategic agenda. We support initiatives that respond to the changing societal expectations about the role of the auditor. With the adoption of the Dutch Audit Profession Act (Wet op het accountantsberoep) on December 11, 2012, two amendments became effective that aim to increase auditor independence for PIE's by prohibiting audit firms from performing services other than audit services, and by introducing mandatory audit firm rotation every eight years. We are also closely following the debate in the European Commission (EC) that has resulted from the Green Paper on audit policy and look forward to the results. We strongly support a solid and transparent system of regulation and monitoring, which adequately secures the interests of society, and which is based on widely accepted European standards, without additional Dutch regulations.

Notwithstanding, we actively support a careful and appropriate implementation of new Dutch regulations, based on our belief that quality is our license to operate. We make a continuous effort to ensure our ability to deliver top quality audits in a consistent manner. Our Transparency Report financial year 2012/2013 provides more details of our actions in this area.

New Dutch regulations in our market are having a fundamental impact on Dutch PIE's. We are therefore actively engaged in implementing these regulations in our strategy and practice. Our actions to address these issues from a risk management perspective are as follows:

- We are continuously informing of all our professionals, including Lead Client Service Partners of Public Interest Entities (PIE's), about new regulation through webcasts and publications
- We are reviewing all current engagements to analyse the impact of the new regulation
- in our strategic initiative 'Professional Quality' we aim for our unique/quality characteristics to be an intrinsic part of our service, within all functions and in the minds of the employees at all levels of the organisation. We want a reputation as a high quality firm.

Beside these activities, we are participating in discussions with various stakeholders on further measures to enhance the quality of the audit, and increase its relevance for society. Our recently appointed Public Interest Committee (PIC) will play an important role in this dialogue. We have identified the following themes: (1) a broader communication on the outcome of audits to supervisory bodies with regards to risk management, risk reporting in the annual report and assurance; (2) the widening of the scope of audits, to place a greater focus on the sustainability of business models and on integrated reporting, which includes non-financial indicators; and (3) assurance about security and data in the cloud. As part of this dialogue, we have published various studies on the current status of risk reporting by companies and provided recommendations on how to enhance and strengthen risk reporting.

Deloitte will continue to participate constructively in this debate in the interests of its most important stakeholders, which includes clients and employees. For more information about Deloitte's position please refer to the Report from the Executive Board and to our Transparency Report.

# Corporate Governance

Good corporate governance is essential to ensuring economic growth in a global economy. Companies and industries that operate according to clear and effective codes of conduct will be more competitive, better prepared for challenges, and will inspire investor confidence. Corporate governance is not only a matter of rules and regulations, but of quality of management, transparency, accountability and integrity. Adherence to a code that governs these areas is essential to ensuring that an organisation is managed in the best interests of its stakeholders.

## **The Dutch Corporate Governance Code**

In December 2009, the code Frijns was incorporated in to Dutch Civil law. The Code is intended to reassure the public that Dutch businesses are run using sound, transparent methods, while simultaneously providing a framework of principles that allow innovation and an entrepreneurial spirit to thrive.

In addition to an extensive programme of its own measures, Deloitte endorses the principles of the Code. This guarantees the ethical integrity of its actions both internally and with regard to its stakeholders. As a non-listed company, Deloitte is different to the companies for which the Code was intended. All its shareholders contribute their labour and expertise, in addition to capital and subordinated loans. For this reason, Deloitte has modified its implementation of the Code in the two areas described below.

## **Differences with the Dutch Corporate Governance Code**

### **Supervisory Board**

The composition of Deloitte's Supervisory Board differs from that recommended in the Dutch corporate Governance Code in that the Board also includes up to three internal members, who are Deloitte shareholders working within the company. Pursuant to the articles of association, the majority of the members are external members. All external members are independent members. Mr. F.G.H. Deckers, while an external member, is not independent as defined by the Code, due to his position as an advisor of Van Lanschot Bankiers NV until June 30, 2013.

All members of the Supervisory Board are appointed by the General Meeting of Shareholders on the recommendation of the Supervisory Board, according to the procedures laid down in the Articles of Association. Specific rules and procedures have been drawn up to resolve any conflict of interest that may arise between an internal member's duties as a member of the Board and the member's interest as a shareholder. Internal members receive no remuneration for their activities as members of the Supervisory Board.

### **Best practice**

Given the nature of the company, some of the best practices required by the Dutch Corporate Governance Code cannot be applied in identical form within Deloitte such as best practice with regards to taking protective measures against takeovers, the certification of shares, the publication of price-sensitive information and the information supplied to and discussions held with parties in the financial markets. Neither Executive Board nor Supervisory Board members are granted share options. Further, in line with legal requirements and following industry practice, only the total remuneration of the Executive Board and the Supervisory Board has been disclosed.

## **Governance Code for audit firms and the Public Interest Committee**

In June 2012, the Dutch auditing professional body (NBA) and a number of major audit firms, including Deloitte Accountants B.V., signed the Governance Code for audit firms. In April 2013, Deloitte introduced a Public Interest Committee pursuant to that Code. The Public Interest Committee comprises the external

members of the Supervisory Board. The Committee will focus on public interest matters that may affect our firm, and it will supervise the implementation of regulations contained in the Governance Code. The Committee will also have an important role in our stakeholder dialogue.

### **Executive Board**

Deloitte is managed by an Executive Board responsible for creating a strategic and policy framework and objectives, monitoring the implementation of policies and maintaining cohesion between the company's various units and disciplines. The Executive Board reports to the Supervisory Board and the General Meeting of Shareholders. The members of the Executive Board are collectively responsible for the company's policy. The members of the Executive Board are appointed for a period of no more than four years, but may be re-appointed for consecutive four-year terms.

Responsibilities within the Executive Board are allocated as follows:

P.J. Bommel  
Chief Executive Officer

C.J.G.M. de Boer  
Chief Financial Officer & Chief Operations Officer

M. J. van der Vegte  
Managing Partner Audit

R.A.J. Roovers  
Managing Partner Tax

M. van Vliet  
Managing Partner Consulting

W.L. Smit  
Managing Partner FAS

S.H.C. Heuts  
Managing Partner Clients & Markets Industries

M. Beelen  
Managing Partner Clients & Markets Regions

### **Tasks of the Executive Board**

The Executive Board acts in the company's best interest at all times when fulfilling its duties, taking into account the relevant interests of all stakeholders. It is responsible for observing relevant laws and regulations, managing the risks involved in the company's activities and overseeing its financial affairs. The Executive Board reports on these matters to the Supervisory Board.

### **Avoiding conflicts of interest**

No member of the Executive Board takes part in discussions or decision-making processes that may give rise to a conflict of interest between the Board member and Deloitte. In such cases, Deloitte is normally represented by another person, who is appointed specifically for this purpose by the Supervisory Board. No transactions involving any potential or real conflict of interest, as defined by the Dutch Corporate Governance Code, took place in the year under review. The remuneration granted to members of the Executive Board for their services is determined by the Supervisory Board on the basis of the financial regulations applicable to all partners, as approved by the General Meeting of Shareholders.

### **Changes in 2012/2013**

In June 2012, Peter Bommel was appointed Chief Executive Officer. Peter Bommel already held this position on an interim basis. In November 2012, Marco van der Vegte was appointed Managing Partner Audit.

### **Supervisory Board**

The Supervisory Board oversees and advises the Executive Board and supervises all general developments at Deloitte. The Supervisory Board is collectively responsible for the performance of its tasks and reports to the General Meeting of Shareholders.

#### **Tasks of the Supervisory Board**

In fulfilling its duties, the Supervisory Board always acts in the company's best interests, taking account of the relevant interests of all stakeholders. The Supervisory Board supervises the activities of the Executive Board in relation to the following:

- The realisation of the company's objectives
- The strategies pursued by the company and the risks involved
- The design and implementation of internal risk management and control systems
- The company's financial reporting process
- The company's compliance with laws and regulations.

The Supervisory Board is responsible for ensuring that it performs its duties as effectively and efficiently as possible. It has therefore drawn up guidelines for its size and composition. These guidelines take into account the nature of the company and the expertise and experience required of Supervisory Board members. The Supervisory Board evaluates its own collective performance as well as the performance of individual Board members at least once a year.

#### **Appointment of Supervisory Board members**

Members of the Supervisory Board are appointed by the General Meeting of Shareholders on the basis of recommendations made by the Supervisory Board. Members are appointed for a period of no more than four years. An external member may serve for no more than three four-year terms, an internal member for no more than two four-year terms.

#### **Gender diversity in Executive Board and Supervisory Board**

The Executive Board is presently composed of one woman and seven men. The last Executive Board appointment (Mr. Marco van der Vegte, Managing Partner Audit) was effected in November 2012. Candidates for that position were selected from the Audit partner group, which is (like the profession at

large) predominantly composed of men. Nevertheless, reasonable best efforts have been used to include female candidates in the selection process. The Supervisory Board will continue to do so in the event of future re-appointments. In this respect it is important to note that Deloitte pursues a number of management development programs aimed at increasing the number of women in Deloitte leadership positions.

During the financial year 2012/2013 the Supervisory Board had a balanced gender composition (two women and four men). As per June 1, 2013, one of the female members has resigned. The Supervisory Board will use reasonable best efforts to retain a female successor.

#### **General Meeting of Shareholders**

The General Meeting of Shareholders brings together the entire group of shareholders. The General Meeting of Shareholders helps maintain Deloitte's 'checks and balances' system by exerting its influence on the policies of the Executive Board and the Supervisory Board. The company's budget, the company's long-term policy and various other matters referred to in the Articles of Association require the approval of the General Meeting of Shareholders. Deloitte believes that the full participation of all shareholders in the decision-making process through the General Meeting of Shareholders is of great importance to the health and success of the company.

#### **External auditor**

The external auditor is appointed by the General Meeting of Shareholders, on the recommendation of the Supervisory Board, advised by the Executive Board and the Audit Committee.

As far as applicable laws and regulations allow, the appointment and remuneration of the external auditor are approved by the Supervisory Board, on the recommendation of the Audit Committee, and after discussions with the Executive Board. The same procedure applies to the performance of any non-audit activities by the external auditor. At least once every four years, the Executive Board and the Audit Committee evaluate the performance of the external auditor, paying particular attention to any other business relations the auditor maintains. The main conclusions of this evaluation are then submitted to the General Meeting of Shareholders as part of the procedure for the appointment or re-appointment of

the external auditor. The external auditor attends at least that part of the Supervisory Board meeting in which the external auditor's report on the financial statements is discussed and in which a decision is made as to whether to approve them. The external auditor attending the meeting and is authorised to speak.

#### **International association**

Deloitte Holding B.V. is the Netherlands' member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee (reference is made to [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms). The member firms of DTTL are all separate and independent legal entities and provide (through their affiliates) services in a certain geographic area subject to applicable local law and regulations.

Rotterdam, July 12, 2013  
Executive Board

P.J. Bommel  
Chief Executive Officer

C.J.G.M. de Boer  
Chief Financial Officer & Chief Operations Officer

M. J. van der Vegte  
Managing Partner Audit

R.A.J. Roovers  
Managing Partner Tax

M. van Vliet  
Managing Partner Consulting

W.L. Smit  
Managing Partner FAS

S.H.C. Heuts  
Managing Partner Clients & Markets Industries

M. Beelen  
Managing Partner Clients & Markets Leader Regions

# Report from the Supervisory Board

The supervision of the policies and activities of the Executive Board of Deloitte is entrusted to the Supervisory Board, which in the two-tier corporate structure under Dutch corporate law, is a separate body and independent from the Executive Board. In its composition, the Supervisory Board aims for an appropriate combination of knowledge, experience and diversity among its members in relation to the multidisciplinary and regulated character of Deloitte Netherlands as a professional service firm.

The Supervisory Board is composed of both internal and external members, with a majority of its membership allocated to external members.

The Supervisory Board has assigned, under its responsibility, a number of its specific tasks to five sub-committees:

- Audit Committee
- Partner Matters Committee
- Public Interest Committee
- Remuneration Committee
- Selection and Nomination Committee.

The members of the Supervisory Board and the various sub-committees are listed below. The tasks and activities of the Supervisory Board and the committees are described hereafter in more detail.

The Public Interest Committee was introduced in April 2013 pursuant to the Governance Code for Accounting Firms in the Netherlands, which was adopted and signed by Deloitte in 2012. For many years, Deloitte's Supervisory Board has included independent and external board members. This has enabled Deloitte to form a Public Interest Committee comprising members with significant knowledge and an understanding of Deloitte's organisation and its environment.

## Composition of the Supervisory Board

The Supervisory Board comprises seven seats: four for external, independent members and three for internal members. The internal members are required to be shareholders of Deloitte Netherlands. Both internal and the external members are required to comply with all the firm's relevant independence and compliance rules. Members are appointed by the general meeting of shareholders for fixed terms of four years. External members may be reappointed for two additional four-year terms. Internal members may be reappointed for one additional four-year term.

The shareholders meeting of June 22, 2012 elected Messrs. F.G.H. Deckers and A.F. van der Touw as new members of the Board. The Netherlands Authority for the Financial Markets (AFM) approved their membership. Mr. Deckers succeeded Mr. Verberk as Chairman of the Board.

The shareholders meeting of September 22, 2012 elected Mr. S. Kloosterhof as an internal member of the Board with effect as of October 15, 2012. He succeeded Mr. J.G.C.M. Buné.

Mr. J.C. Kombrink resigned as external member of the Board as per September 22, 2012.

Mrs. J. Schraeverus resigned as external member of the Board as per June 1, 2013.

The Board would like to express its gratitude to Mrs. Schraeverus and Messrs. Kombrink and Buné for their valuable contribution to the Supervisory Board.

<b>Members of the Supervisory Board</b>	<b>Internal/External member</b>	<b>End of Term</b>
Mr. F.G.H. Deckers, Chair (as of July 6, 2012)	external member	2016
Mr. A.F. van der Touw (as of October 1, 2012)	external member	2016
Vacancy	external member	
Vacancy	external member	
Mrs. A.J.L.M. van Berkel, vice-Chair	internal member	2015
Mr. C.A.M. Renne	internal member	2016
Mr. S. Kloosterhof (as of October 15, 2012)	internal member	2016

#### **Audit Committee**

Vacancy  
Mr. F.G.H. Deckers (as of July 6, 2012)  
Mr. C.A.M. Renne  
Mrs. J. Schraeverus (until June 1, 2013)

#### **Partner Matters Committee**

Mr. F.G.H. Deckers, Chair (as of July 6, 2012)  
Mr. C.A.M. Renne  
Mr. S. Kloosterhof (as of October 15, 2012)  
Mrs. J. Schraeverus (until June 1, 2013)  
Vacancy

#### **Remuneration Committee**

Mr. A.F. van der Touw, Chair (as of October 1, 2012)  
Mr. F.G.H. Deckers (as of July 6, 2012)  
Mrs. A.J.L.M. van Berkel

#### **Selection and Nomination Committee**

Mr. F.G.H. Deckers, Chair (as of July 6, 2012)  
Mrs. A.J.L.M. van Berkel  
Mrs. J. Schraeverus (until June 1, 2013)  
Vacancy

#### **Public Interest Committee**

Mr. F.G.H. Deckers, Chair  
Mr. A.F. van der Touw  
Mrs. J. Schraeverus (until June 1, 2013)

## Background information on the members of the Supervisory Board

### Mr. F.G.H. Deckers (1950)

Member since 2012

#### *Profession/principal employment*

Mr. Floris Deckers is former CEO of Van Lanschot Bankiers in the Netherlands. He retired from this position at the end of 2012. Mr. Deckers has built his longstanding career in the banking sector since 1975. He worked with ABN Amro Bank for many years in different roles, both in the Netherlands and abroad.

#### *External positions and activities*

- Member of the Supervisory Board of SBM Offshore
- Member of the Supervisory Board of IBM Netherlands
- Member of the Supervisory Board of Arklow Shipping (Ireland)

#### *Not for profit*

- Member of the Oversight Board of the Vlerick School of Management in Gent/Leuven.
- Member of the Advisory Board of the Alzheimer Foundation
- Member of the Oversight Board of the Wilhelmina Child Hospital
- Member of the Supervisory Board of the Springpaarden Fonds Nederland

### Mr. A.F. van der Touw (1955)

Member since 2012

#### *Profession/principal employment*

Mr. Ab van der Touw is Chairman of the Executive Board of Siemens Netherlands. He has spent his entire career at Siemens and has worked both in the Netherlands and in Germany.

#### *External positions and activities*

- Member of the Strategic Advisory Board of TNO
- Member of the Oversight Board of the The Hague Centre for Strategic Studies
- Chairman of the Oversight Board of the Center for Medical Imaging North-East Netherlands
- Member of the Advisory Board of the Beta Technology Platform
- Vice-Chairman of the Board of FME/CWM

- Member of the Board of VNO/NCW
- Chairman of the Oversight Board of the Dutch Dance Theater
- Member of the German-Dutch Chamber of Commerce

### Mrs. A.J.L.M. van Berkel (1960)

Member since 2011

#### *Profession/principal employment*

Ardie van Berkel leads the Human Capital practice of Deloitte EMEA and Deloitte Netherlands. Ardie has over 28 years' experience as a management consultant on strategic and operational human capital matters. She has served a wide range of clients in the public and the private sectors.

### Mr. C.A.M. Renne (1964)

Member since 2012

#### *Profession/principal employment*

Carlo Renne is a partner at Deloitte Accountants in Amsterdam. He has 25 years of experience in serving a range of mid-market clients in the private sector with audit and assurance services. Carlo is also programme leader for the Deloitte Technology Fast50 program in the Netherlands, which profiles fast-growing technology companies.

### Mr. S. Kloosterhof (1965)

Member since 2012

#### *Profession/principal employment*

Sander Kloosterhof is a partner at Deloitte Tax in Amsterdam. He has over 25 years experience in (international) tax and is currently partner of the Tax Management Consulting practice and he also chairs the Dutch Deloitte opinion committee.

## Mandate

The tasks and responsibilities of the Supervisory Board are laid down in the Charter and the Rules of Procedure of the Supervisory Board. The tasks and responsibilities of the different sub-committees of the Board are further described in separate Charters that form part of the Charter and the Rules of Procedure of the Supervisory Board. The separate reports of the different committees are included in this report.

The tasks of the Supervisory Board and the sub-committees include the supervision of the

Executive Board with regards to:

- The realisation of the firm's strategy, goals and objectives
- The firm's financial performance and position
- Quality assurance and compliance with independence regulations
- Risk management
- The composition of the Executive Board
- The remuneration of the partners
- Human resources

For further information about the corporate governance structure of Deloitte Netherlands and a more detailed description of the tasks, roles and responsibilities of the Supervisory Board, see the chapter on Corporate Governance, on page 20 of this report.

## Highlights of the work of the Supervisory Board during the financial year 2012/2013

- The Supervisory Board has held 10 meetings during the Financial Year 2012/2013.
- The Board supports the strategic initiatives of the Executive Board as part of the As One group strategy of the firm. During the year, these strategic initiatives were regularly discussed with the Executive Board and the Board has discussed and evaluated the progress made on the strategic initiatives. The Executive Board has made constant progress on these initiatives and they are currently about to begin implementation across the organisation. As part of our discussions with the Executive Board on these strategic initiatives, the Board met with all members of the Executive Board on a rotational basis for these discussions.
- In November 2012, the Board nominated Mr. M. van der Vegte for election as a member of the Executive

Board with responsibility for the Audit Function. This election completed the Executive Board, which now comprises eight members.

- Quality is on the agenda at every Board meeting and receives constant attention from the Board. This also includes risk management for the entire Deloitte organisation, especially reputational risk. The Board is regularly updated on all major civil and disciplinary cases that are initiated against Deloitte or individual partners. It strongly endorses the focus on high quality service delivery as expressed in the As One strategy.
- During the year 2013, an extensive inspection was undertaken by the Internal Audit department on independence compliance. As part of this inspection, all partners of the organisation were individually tested. The Board was pleased to learn that the outcome of this inspection showed significant improvements compared to previous inspections with regards to independence compliance. This demonstrates that the rigorous approach towards independence compliance has been effective.
- In April 2013, the Public Interest Committee was introduced at Deloitte. This Committee is an element of the Governance Code for Accounting Firms in the Netherlands, which was co-signed by Deloitte and is strongly supported by the Board. Independent external members have been part of the Board for many years, within the governance structure of Deloitte. Deloitte has chosen to structure the Public Interest Committee as a separate sub-committee of the Board, comprising all its external members. A separate charter has been made for this sub-committee.
- The general economic situation remained challenging for the organisation in 2012/2013. To deal with this situation, the Executive Board had to make balanced decisions between further cost reductions and investments for the future of the organisation. Investments in innovation are critical for the years to come and the Board is confident that the appropriate balance was maintained during the year, ensuring a proper foundation for the longer term for the benefit of both shareholders and employees.
- During the year, a number of acquisitions, including the acquisition of Vivens, were made to enforce the advisory capabilities. These acquisitions demonstrate Deloitte's clear focus on investments for the future.

- In December 2012, the Dutch government adopted new legislation for audit firms engaged in the statutory audit of public interest entities (OOB's), which has a significant impact on the audit practice in this segment. The Board discussed the impact of this legislation in great detail with the Executive Board, also in order to establish the strategic goals for the position of Deloitte in this audit segment.
- During the year, the Board completed a thorough process to evaluate its performance and that of its individual members. Appropriate steps were taken to ensure the Board is capable of fulfilling its supervisory role in accordance with the requirements as set out in the governance structure of Deloitte.
- The entire Board is involved in important partner matters and has discussed these thoroughly with the Executive Board, when needed.

#### **Report of the Audit Committee**

The Audit Committee (AC) assists the Supervisory Board in fulfilling its oversight responsibilities for quality in the external reporting of the firm, the control and risk management framework, the internal audit and the engagement with the external auditor. In addition, the AC takes note of the outcome of the internal audit investigations and the compliance with applicable laws and regulations.

The AC has had six meetings during the financial year 2012/2013 and has reported its findings and comments to the full Supervisory Board during the regular meetings of the Board. The CFO/COO, the Controller and the Internal Auditor attended all AC meetings. The external Auditor attended three meetings to discuss the audit plan and the audit findings and recommendations.

Highlights of the work of the AC during 2012/2013:

- A discussion on the financial performance of the firm, both at an aggregate level and the different Functions
- A discussion about forecasts and financial plans
- The financial structure of the group and its foundation
- The internal and external audit findings, including the follow-up on recommendations made by the internal and external auditors
- The update of the internal control framework of the group.

#### **Report of the Partners Matters Committee**

The Partner Matters Committee (PMC) supports the Supervisory Board on oversight matters with regards to the partner remuneration system.

The PMC has discussed a limited number of appeals by individual partners regarding their classification in the 2012/2013 partner remuneration system.

#### **Report of the Public Interest Committee (PIC)**

The PIC was introduced and appointed in April 2013.

The PIC is composed of the external members of the Supervisory Board. The work of the PIC was dominated by preparing its Charter and agenda and by various other preparatory activities. The PIC has held two meetings since its introduction. A more comprehensive report of its activities will be included in the Transparency Report of Deloitte Accountants BV for the financial year 2012/2013.

#### **Report of the Remuneration Committee**

The Remuneration Committee (RC) supports the Supervisory Board on decisions about the remuneration of the members of the Executive Board, including an assessment of their individual performance.

In November 2012, the RC discussed the performance goals of the Executive Board and of each of its members for 2012/2013, as well as a new procedure for the performance assessment of the members of the Executive Board by the Supervisory Board.

In January/February 2013 and in May/June 2013 the RC discussed the performance of each member of the Executive Board during the financial year 2012/2013. The target-setting for 2013/2014 of each Executive Board member was finalised in June 2013.

#### **Report of the Selection and Nomination Committee**

The Selection and Nomination Committee (SNC) is responsible for preparing the selection and nomination by the Supervisory Board of new members of the Executive Board and the Supervisory Board.

On the basis of outlined design criteria, there was a call for candidates. This involved an extensive sounding process by a committee headed by the CEO that used personal interviews with a large number of partners and was followed by an assessment by a specialised advisory firm. Based on the results, the SNC prepared the nomination of Mr. M.J. van der Vegte as seventh

member of the Executive Board and Managing Partner for the Audit Function. He was elected at the November 2012 shareholders meeting. In addition, the SNC has prepared the selection and nomination of Mr. S. Kloosterhof as internal member of the Supervisory Board.

#### **Financial statements 2012/2013**

The financial statements of Deloitte Holding BV, as presented by the Executive Board, have been audited by Ernst & Young Accountants LLP. Their report has been included in the 'Other Information' section of the financial statements.

The Board has approved the financial statements and recommends the shareholders to adopt the 2012/2013 financial statements.

#### **Appreciation**

The Board wishes to express its gratitude to the members of the Executive Board and all partners and staff of Deloitte Netherlands for their continued contribution to the firm.

Rotterdam, July 12, 2013  
On behalf of the Supervisory Board

F.G.H. Deckers, Chair





# Consolidated financial statements

## Consolidated balance sheet as of 31 May 2013

(before result appropriation)

Assets (in € thousands)	Note	31 May 2013	31 May 2012
<b>Fixed assets</b>			
Intangible fixed assets	[1]	18,260	12,623
Tangible fixed assets	[2]	44,031	42,859
Financial fixed assets	[3]	1,733	1,718
		<b>64,024</b>	<b>57,200</b>
<b>Current assets</b>			
Receivables and prepayments	[4]	185,795	168,871
Cash and cash equivalents		132	26,332
		<b>185,927</b>	<b>195,203</b>
		<b>249,951</b>	<b>252,403</b>
<b>Liabilities (in € thousands)</b>			
<b>Group equity *</b>	[5]	6,650	6,650
<b>Provisions</b>	[6]	7,863	9,566
<b>Long-term liabilities:</b>	[7]		
Subordinated loans Stichting Financiering Deloitte *		112,437	110,057
Deferred income		10,289	11,260
		<b>122,726</b>	<b>121,317</b>
<b>Current liabilities and accruals</b>	[8]	112,712	114,870
		<b>249,951</b>	<b>252,403</b>

[ ] The figures between brackets refer to the corresponding notes on the specific items of the consolidated balance sheet.

\*) The group equity and the subordinated loans represent the group's capital base € 119,087 (31 May 2012 € 116,707), see note 7.

Consolidated profit and loss account for the period 1 June 2012 to 31 May 2013

in € thousands	Note	2012/2013	2011/2012
<b>Net turnover</b>	[9]	631,031	637,784
Own production capitalised		620	1,538
Other operating income	[10]	439	166
<b>Total operating income</b>		<b>632,090</b>	<b>639,488</b>
Costs of subcontracted work and other external costs		75,348	59,420
Salaries and social security charges	[11]	283,701	283,324
Amortisation of intangible and depreciation of tangible fixed assets	[12]	16,109	19,046
Impairments of in-/tangible fixed assets	[1]	280	-
Other operating expenses	[13]	162,246	170,528
<b>Total operating expenses</b>		<b>537,684</b>	<b>532,318</b>
<b>Operating result</b>		<b>94,406</b>	<b>107,170</b>
Share in result of non-consolidated associated companies		35	34
Financial income and expenses	[14]	(5,878)	(7,919)
<b>Result from ordinary activities before taxation</b>		<b>88,563</b>	<b>99,285</b>
Taxation on result on ordinary activities	[15]	(437)	(460)
Shareholders' Associate Fee	[16]	(88,126)	(98,825)
<b>Net result</b>		<b>-</b>	<b>-</b>

[ ] The figures between brackets refer to the corresponding notes to the specific items of the consolidated profit and loss account.

### Consolidated cash flow statement for the period 1 June 2012 to 31 May 2013

(Prepared using the direct method)

in € thousands	2012/2013		2011/2012	
Receipts from customers	626,361		637,113	
Payments to suppliers and personnel	(523,181)		(515,620)	
<b>Cash flow from business activities</b>		<b>103,180</b>		<b>121,493</b>
Interest received	40		384	
Interest paid	(5,774)		(8,544)	
Dividend received	36		34	
Corporate income tax paid	29		(180)	
		(5,669)		(8,306)
<b>Cash flow from operating activities</b>		<b>97,511</b>		<b>113,187</b>
Investments in intangible fixed assets	(620)		(1,717)	
Investments in tangible fixed assets	(10,795)		(7,531)	
Disposal of tangible fixed assets	311		248	
Investments of activities	(9,687)		-	
Investments in other financial fixed assets	-		(506)	
Repayment of other financial fixed assets	-		25	
<b>Cash flow from investment activities</b>		<b>(20,791)</b>		<b>(9,481)</b>
Stichting Financiering Deloitte:				
- Shareholders' Associate Fee	(88,126)		(98,825)	
- Increase in subordinated loans	3,866		-	
- Decrease in subordinated loans	-		(4,240)	
- Changes in current account	(19,963)		1,676	
Net cash outflow to associates	(104,223)		(101,389)	
Cancellation of shares	-		(500)	
Increase in other (interest-bearing) debts	1,303		-	
<b>Cash flow from financing activities</b>		<b>(102,920)</b>		<b>(101,889)</b>
<b>Net cash flow</b>		<b>(26,200)</b>		<b>1,817</b>
Cash/net bank debt at start of financial year		26,332		24,515
Net cash flow		(26,200)		1,817
<b>Cash at end of financial year *</b>		<b>132</b>		<b>26,332</b>

\*) Cash at end of financial year relates to cash and cash equivalents.

## Notes to the consolidated financial statements

### General

#### *Activities*

The activities of Deloitte Holding B.V. with its registered office in Rotterdam, and the companies in its group consist mainly of Audit, Tax, Financial Advisory Services and Consulting, as well other forms of professional financial services. These activities are conducted by and for the account of the respective group companies of Deloitte Holding B.V. which acts as the holding company and does not itself conduct any activities in the field of professional financial services as referred to in the previous sentence.

#### *International relationships*

Deloitte Holding B.V. is a member firm of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. Each member firm provides services in a particular geographic area and is subject to the laws and professional regulations of the particular country or countries in which it operates. DTTL does not itself provide services to clients. DTTL and each DTTL member firm are separate and distinct legal entities, which cannot obligate each other. DTTL and each DTTL member firm are liable only for their own acts or omissions and not those of each other. Each DTTL member firm is structured differently in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its territory through subsidiaries, affiliates, and/or other entities.

#### *Group relationships*

Deloitte Holding B.V. is the ultimate parent of a group of legal entities. For a list of subsidiaries required by articles 2:379 and 2:414 of the Netherlands Civil Code reference is made to the notes to the company balance sheet.

Deloitte Holding B.V. has not issued any declarations of liability in accordance with article 2:403 of the Netherlands Civil Code for the sake of its group companies.

### *Shareholders' structure*

The shares in Deloitte Holding B.V. are held by shareholding companies owned by partners who have signed a so-called "Associate Agreement" with Deloitte Holding B.V. These shareholding companies are referred to as "shareholders" or partners.

In addition, Stichting Financiering Deloitte holds shares in Deloitte Holding B.V. acquired from former shareholders on a temporary basis. In the past, Stichting Financiering Deloitte has refrained from exercising the right to vote on shares it holds.

Under the Associate Agreement, each shareholding company has placed (the workforce of) each partner at the disposal of Deloitte Holding B.V. and its group companies in which the relevant professional activities for that partner are performed. An Associate Fee is payable that is equal to the consolidated net amount of operational and financial income and expenses of the company before this fee is charged. This fee is recognised as an expense therefore resulting in a net profit amounting to nil.

### *Financing structure and Stichting Financiering Deloitte*

In addition to the share capital, shareholders finance Deloitte Holding B.V. with subordinated loans. These loans are provided to Stichting Financiering Deloitte. Payments of associate fees by virtue of the associate agreement and other payments to shareholders also take place through Stichting Financiering Deloitte.

Stichting Financiering Deloitte has re-issued the brought-in loans and current accounts to Deloitte Holding B.V. These loans are subordinated too. Stichting Financiering Deloitte does not belong to the Deloitte Holding B.V. group and therefore is not included in these consolidated financial statements.

### *Stichting InterNos*

Stichting InterNos is responsible for the settlement of goodwill rights and former goodwill rights. This foundation is partly financed by Stichting Financiering Deloitte, which has been authorized by the shareholders to withhold a proportion of the Associate Fee due to these shareholders to finance Stichting InterNos. Stichting InterNos does not belong to the Deloitte Holding B.V. group of companies and therefore is not included in these consolidated financial statements.

### ***Basis of consolidation***

The financial data of entities that form part of the group are included in the consolidated financial statements of Deloitte Holding B.V. The consolidated financial statements have been prepared using the accounting principles for valuation and for determining results of Deloitte Holding B.V.

The individual financial statements of Deloitte Holding B.V. is included in the consolidated financial statements. Accordingly, in accordance with article 2:402 of the Netherlands Civil Code, the company financial statements only contain an abridged profit and loss account.

The financial data of the group companies are included in full in the consolidated financial statements, eliminating intra-group relationships and transactions.

Newly acquired group companies are consolidated from the date of their acquisition. The assets, provisions and liabilities of these acquired group companies are valued at the fair value on that date. The goodwill paid is capitalised and amortised over the useful economic life. Results from participating interests that have been disposed are included in the consolidation until the date that control ceases.

### **General accounting principles used for the preparation of the financial statements**

The consolidated financial statements have been prepared in accordance with the requirements of Title 9, Book 2 of the Netherlands Civil Code. Assets and liabilities are valued and results are determined on the basis of historical cost. Unless a different accounting principle is specified for the specific item on the balance sheet, assets and liabilities are carried at their face value.

Income and expenses are allocated to the year to which they relate. Profits are only recorded if they have been realised on the balance sheet date. Losses originating before the end of the year under review are taken into consideration if they were known before the Financial Statements were prepared. All amounts in the financial statements are shown in thousands of euros, unless stated otherwise.

### **Changes in accounting policies**

This year there have been no changes in accounting policies.

### **Foreign currencies**

The functional currency of the company and its group companies is the euro. Receivables, liabilities and obligations in foreign currencies are translated at the exchange rate prevailing as of the balance sheet date. Transactions in foreign currencies during the period under review are recognised in the financial statements at the rates of exchange at transaction date. Exchange-rate gains and losses arising from such translations are taken to the profit-and-loss account.

## Accounting principles for the valuation of assets and liabilities

### *Intangible fixed assets*

Goodwill paid for companies acquired from third parties is included under intangible fixed assets. This goodwill is amortised in straight-line over 7 or 15 years and, where applicable, reduced by impairment losses. Capitalised development costs included under intangible fixed assets over their estimated useful life being straight-line 5 years and, where applicable, reduced by impairment losses. Development costs comprises direct labour cost and the attributable share of other operating costs.

### *Tangible fixed assets*

Tangible fixed assets are valued at acquisition cost or production cost, less accumulated depreciation and, where applicable, impairment losses. Depreciation is based on the estimated useful life of the asset and calculated using the straight-line method based on the acquisition/production cost, taking account of any residual value. The asset starts to depreciate from the date that it is taken into use. Tangible fixed assets under construction are valued at production cost. Production cost comprises licensing costs, direct labour costs, expenditure on services from third parties and the attributable share of other operating costs.

Grants for the purchase of (tangible) fixed assets are deducted from the investment and amortised through depreciation.

### *Financial fixed assets*

The financial fixed assets comprise participating interests and amounts owed by participating interests and loans. The participating interests over which significant influence is being exercised on business and financial policy are valued at net asset value. The other participating interests are valued at acquisition cost, taking into account where necessary of any impairment losses. Upon initial recognition amounts owed by participating interests and loans are valued at fair value and then valued at amortised cost, less provisions deemed necessary for the risk of non-collectability.

### *Receivables and prepayments*

Receivables are initially recognised at fair value and subsequently valued at amortised cost, less provisions deemed necessary for the risk of non-collectability. Unbilled amounts for client work is valued at the estimated realisable value of services already performed but not yet invoiced, less advance payments invoiced.

### *Pension schemes*

“Contributions payable to the pension plan administrator are recognised as an expense in the profit and loss account. Contributions payable or prepaid contributions as at year-end are recognised under current liabilities and accruals, and receivables and prepayments, respectively.

A provision is formed for liabilities other than the contributions payable to the pension plan administrator if, as at the balance sheet date, the group has a legal or constructive obligation towards the pension plan administrator, if it is probable that settlement of these liabilities will lead to an outflow of resources and if a reliable estimate can be made of the amount of the liabilities. The provision for additional liabilities to the pension plan administrator is based on a best estimate of the amounts required to settle these liabilities concerned at the balance sheet date, applying well established actuarial methods and assumptions. The provision is carried at present value with the discount rate before taxation reflecting the current market rate.

For the following commitments and liabilities a provision is maintained:

- (i) For prior financial year only: back service pension premiums for a small (closed group) of employees and
- (ii) back service liabilities for those (former) employees faced with total or partial disability status (“Arbeidsongeschiktheid”).

The main actuarial assumptions are explained under ‘Provisions’

### **Provisions**

The provisions relate to professional liability, pensions, reorganisations, unoccupied premises contracts and dismantling costs and health insurance compensation. The provision for professional liability relates to the estimated liabilities from claims. This provision is calculated per claim based on the estimated future expenditure, including the cost of obtaining legal advice, subject to a maximum amount per claim equal to the uninsured own risk. The provision for unoccupied premises relates to offices not used or that will not be used in the short term and is calculated based on the term of vacancies and possible rent-free periods, this provision is calculated at net present value using a discount rate of 0.2%. The provision for the dismantling costs based on a straight line addition. The provision for reorganisation is based on the cost of staff redundancies, in accordance with the reorganisation plan. The health insurance compensation provision provides an allowance towards health insurance contributions for some retired personnel.

The actuarial calculations for pension provisions include an estimated future annual increase of the pension entitlements by some 2.0% (prior year 2.0%). A discount rate is set at 4%, i.e. the fixed discount rate used by the pension fund for determination of premium levels, as agreed in the Financing Agreement.

### **Long-term liabilities**

Long-term liabilities have a term of more than one year. Liabilities falling due within one year are considered to be current liabilities. Loans are initially valued at fair value and subsequently at amortised cost.

### **Accounting principles for determining the net results**

#### **Concept of profit and taxation**

Concept of profit and taxation Under the General Terms and Conditions of Deloitte, the Rules on Financial Relationships and the Associate Agreements, the fees paid to shareholders for services rendered are equal to the net amount of operational and financial income and expenses of Deloitte Holding B.V., before deduction of Associate Fees. The company is obliged to pay out these Associate Fees.

The Associate Fees for services rendered are recognised as operating costs in the profit-and-loss account. As per the requirements of Article 362, paragraph 4, Title

9 of the Netherlands Civil Code 2, the provisions of the financial statements Formats Decree have not been followed in the financial statements and the Associate fees are presented separately as the last item in the profit-and-loss account. The Associate Fees to be paid to shareholders through Stichting Financiering Deloitte are treated as operating expenses for tax purposes. As a consequence the amount of corporation tax paid is limited, reference is made to note 15.

### **Net turnover**

Net turnover is the income from services rendered to third parties during the year and includes the cost of work that Deloitte subcontracts to others.

### **Operating expenses**

Operating expenses are calculated on a historical basis and allocated to the year to which they relate.

### **Share in result of non- consolidated associated companies**

For participating interests over which a significant influence is being exercised on business and financial policy, the result amounts to the share in the result of these participating interests that is attributable to the company. This result is determined on the basis of the current accounting principles of Deloitte Holding B.V.

For participating interests over which no significant influence on business and financial policy is being exercised, any dividend received is treated as financial income.

### **Accounting principles for preparation of the consolidated cash flow statement**

The cash flow statement is prepared using the direct method.

Cash flow from business activities has been derived from the consolidated profit-and-loss account, adjusted for changes of balance positions of receivables and payables.

Cash consists of the balance of cash and cash equivalents. Tax on profits, interest received and paid, and dividends received are included under cash flow from operating activities.

The acquisition cost for acquired group companies is included under cash flow from investment activities. Existing cash funds in these group companies are deducted from the acquisition cost.

## Notes to the specific items of the consolidated balance sheet

### 1) Intangible fixed assets

A summary of the movements of intangible fixed assets is presented below:

in € thousands	Goodwill *	Development costs **	Total
Acquisition cost as of 1 June 2012	50,757	1,538	52,295
Accumulated amortisation and impairments as of 1 June 2012	(39,544)	(128)	(39,672)
Book value as of 1 June 2012	11,213	1,410	12,623
Capitalised development costs	-	620	620
Impairment	(280)	-	(280)
Acquisition ***	8,694	-	8,694
Amortisation	(3,089)	(308)	(3,397)
<b>Book value as of 31 May 2013</b>	<b>16,538</b>	<b>1,722</b>	<b>18,260</b>
Accumulated amortisation and impairments as of 31 May 2013	(25,393)	(436)	(25,829)
Acquisition cost as of 31 May 2013	41,931	2,158	44,089
Amortisation percentages	6 2/3%	20%	
	14 2/7%		

\*) The amortisation period for goodwill is 7 or 15 years, set at this figure as the useful economic life is estimated to be longer than 5 years.

\*\*) Development cost relates to product development.

\*\*\*) Acquisitions are recognized in the financial statements according to the purchase accounting method. Intangible fixed assets obtained on the acquisition of a group company are carried at the fair value ruling at the acquisition date. On October 1, 2012 Deloitte acquired a consulting team of 10 consultants. Furthermore, on April 2, 2013 Deloitte acquired all voting shares of Vivens Groep B.V. The acquisition was recognized in the financial statements using the purchase accounting method.

The following Financial data relates to the two acquisitions in aggregate:

	in € thousands
Total purchase price	9.760
Acquisition costs	56
Total acquisition amount	9.816
Fair value of nets assets acquired	(1.122)
<b>Goodwill</b>	<b>8.694</b>
Total acquisition amount	9.816
Cash of acquired companies	(129)
<b>Net cash outflow (investments of activities, see Cash Flow Statement)</b>	<b>9.687</b>

## 2) Tangible fixed assets

The movements in the tangible fixed assets are as follows:

in € thousands	Leasehold improvements, fixtures and fittings	Office equipment	Other fixed assets	Fixed assets under construction	Total
Acquisition cost as of 1 June 2012	56,955	30,185	76,422	3,485	167,047
Accumulated depreciation and impairments as of 1 June 2012	(36,875)	(22,161)	(65,152)	-	(124,188)
Book value as of 1 June 2012	20,080	8,024	11,270	3,485	42,859
Acquisitions*	5,696	3,081	2,354	3,345	14,476
	25,776	11,105	13,624	6,830	57,335
Book value of assets disposed of	(223)	(48)	(321)	-	(592)
Depreciation	(5,029)	(2,224)	(5,459)	-	(12,712)
<b>Book value as of 31 May 2013</b>	<b>20,524</b>	<b>8,833</b>	<b>7,844</b>	<b>6,830</b>	<b>44,031</b>
Accumulated depreciation and impairments as of 31 May 2013	(37,547)	(14,050)	(25,900)	-	(77,497)
Acquisition cost as of 31 May 2013	58,071	22,883	33,744	6,830	121,528
Depreciation percentages	10%	10%	12 1/2%		
	20%		14 2/7%		
			20%		
			33 1/3%		
			50%		

\*) Including € 88 from the acquisition of Vivens Groep B.V.

The group has beneficial ownership of the leasehold improvements, fixtures and fittings but not legal ownership.  
Other fixed assets mainly relate to hardware and software.

### 3) Financial fixed assets

A summary of the movements in the financial fixed assets is presented below:

in € thousands	Other participating interests	Other receivables	Total
Book value as of 1 June 2012	1,212	506	1,718
Movements:			
Interest accrual	-	40	40
Share in result of participating interests	35	-	35
Dividend received	(36)	-	(36)
Exchange rate differences	-	(24)	(24)
<b>Book value as of 31 May 2013</b>	<b>1,211</b>	<b>522</b>	<b>1,733</b>

For the item other participating interests, reference is made to the list included in the notes to the specific items of the company balance sheet. Other receivables mainly relate to receivables from IHC Interposed Holding Company 1 S.A.S., a shareholder of Deloitte CIS Limited.

### 4) Receivables and prepayments

in € thousands	31 May 2013	31 May 2012
Accounts receivable	117,165	110,886
Unbilled amounts for client work	43,076	43,534
Corporate income tax	776	1,242
Other receivables and prepayments	24,778	13,209
	<b>185,795</b>	<b>168,871</b>

There are no receivables and prepayments with an original term of more than one year.

### 5) Group equity

For an explanation of the legal entity's share in group equity see the notes to shareholders' equity in the company financial statements. As there have been no direct movements in the shareholders' equity, no consolidated statement of recognized income and expenses has been included. For an explanation of the capital base (group equity and subordinated loans) see note 7.

## 6) Provisions

in € thousands	Professional liability	Unoccupied premises/ dismantling costs	Reorganisation	Health insurance compensation	Pensions	Total
Balance as of 1 June 2012	3,082	2,404	2,881	28	1,171	9,566
Additions	1,120	1,091	2,707	-	-	4,918
Charged	(2,358)	(611)	(2,759)	-	(72)	(5,800)
Released	(80)	(348)	(262)	-	(131)	(821)
<b>Balance as of 31 May 2013</b>	<b>1,764</b>	<b>2,536</b>	<b>2,567</b>	<b>28</b>	<b>968</b>	<b>7,863</b>

With the exception of the provisions for reorganisation the expected term of the provisions is over one year. The provision for unoccupied premises and dismantling cost is related to the reduction of the office network and future dismantling costs.

## 7) Long-term liabilities

### Stichting Financiering Deloitte

#### Subordinated loans

The subordinated loans can be specified as follows:

in € thousands	31 May 2013		31 May 2012	
	Total	Interest rate	Total	Interest rate
Subordinated loans Stichting Financiering Deloitte after deduction of repayments in the following year	112,437	4.33%	110,057	5.35%

Repayment commitments included under current liabilities can be specified as follows:

in € thousands	31 May 2013	31 May 2012
Subordinated loans Stichting Financiering Deloitte	4,750	3,265

Shareholders who enter into an Associate Agreement with the company are obliged to grant a subordinated loan to Stichting Financiering Deloitte. In turn this Foundation grants a subordinated loan for the same amount to the company. The loans amount to € 112,437 as per 31 May 2013 (31 May 2012: € 110,057) and are subordinated to all existing and future liabilities of the company and, together with the group equity, make up the capital base of the company.

The interest paid is equal to a 3-month Euribor plus 4%, with a maximum of 8%. The loans are repaid at the

termination of the Associate Agreement. The maturity date of these loans depends on joining and leaving of shareholders and therefore cannot be expressed in years.

#### Deferred income

Deferred income relates to incentives received in the connection with entering into rental agreement for new office buildings and operational lease contract for cars. The incentives are related to the rental agreements and the operational lease contract and are therefore amortised over the term of the rental agreement and the operational lease contract.

## 8) Current liabilities and accruals

A current liabilities, accruals and deferred income can be specified as follows:

in € thousands	31 May 2013	31 May 2012
Tax and social security contributions	35,024	32,916
Accounts payable	28,426	24,838
Salaries and other personnel costs	20,642	25,164
Stichting Financiering Deloitte	12,103	11,466
Repayments on long-term loans in the following year	4,750	3,265
Amounts owed to credit institutions	1,303	-
Liabilities for pensions	199	-
Stichting InterNos	-	7,800
Other liabilities and accruals	10,265	9,421
	<b>112,712</b>	<b>114,870</b>

### Amounts owed to credit institutions

Deloitte has a credit agreement with ING and Rabobank. In June 2010 a renewal of this agreement took place. Deloitte's maximum credit facility according to this agreement is a revolving loan facility of € 114,000, including current account facilities. As a security for the amounts owed to credit institutions, the current account facility and the bank guarantees (see guarantees) various covenants have been agreed regarding the balance sheet and the result ratios as well as certain security covenants, including a negative pledge covenant and granting of securities in the event of default under the credit agreement.

As of 31 May 2013 Deloitte was in compliance with the covenants in the credit agreements. The securities set consist of the joint and several liability of Deloitte Accountants B.V., Deloitte Belastingadviseurs B.V., Deloitte Consultancy Holding B.V., Deloitte Consulting B.V., Deloitte Financial Advisory Services B.V., Deloitte Group Support Center B.V., Deloitte Management Support B.V., Deloitte Forensic & Dipute Services B.V. and Deloitte Risk Services B.V.

## Off balance sheet commitments

### *Lease and rental obligations*

The group has entered into long-term rental agreements for offices, operational lease contracts for cars and copying/printing machines and facility services. These future (minimum lease) payments amount to:

in € thousands	31 May 2013	31 May 2012
Within 1 year	76,000	78,000
Between 1 and 5 years	199,000	208,000
After 5 years	97,000	113,000
	<u>372,000</u>	<u>399,000</u>

### Facility services

As of 1 December 2006 Deloitte outsourced facility services integrally to a third party. A large number of staff was transferred to the new service provider. The contract was renewed for 5 years as of June 2012. Deloitte has undertaken to re-employ the former employees or to employ them with a succeeding facility supplier if the contract is not renewed after 5 years.

### Membership

Deloitte Holding B.V. is a member of Deloitte Touche Tohmatsu Limited and Deloitte EMEA Co-operation Limited. Deloitte Holding B.V. is obliged to pay annual subscription and services fees.

### Funding of other participating interests

The group has agreed if necessary to provide additional funding in the amount of USD 3,800 to IHC Interposed Holding Company 1 S.A.S. a shareholder of Deloitte CIS Limited of which USD 1,700 has been paid in June 2013.

## **Guarantees**

### ***Stichting InterNos***

Stichting InterNos was granted bankloans amounting to € 120,000 to finance the settlement of goodwill rights. The credit agreement has been renewed in June 2010. After repayments, the loans amount to € 78,000 as of 31 May 2013. On a yearly basis € 6,000 will be repaid until 31 May 2015 at which time the remaining € 72,000 will be redeemed. The effective interest rate on the loan is 4.1%. As security for these loans Deloitte Holding B.V. and its material subsidiaries issued a joint and several liability undertaking. As of 31 May 2013 the total goodwill has been settled (31 May 2012 € 18,000).

### ***Stichting Financiering Deloitte***

Deloitte Holding B.V. and its subsidiaries are jointly and severally liable to shareholders for that which is owed to them by Stichting Financiering Deloitte with regard to the financial resources borrowed from the shareholders by Stichting Financiering Deloitte and re-issued to Deloitte Holding B.V.

The Company has agreed certain security covenants with Stichting Financiering Deloitte, including a negative pledge covenant as well as the granting of securities at the first request of Stichting Financiering Deloitte. With respect to the ranking of these securities rights, covenants have been agreed between the Company, Stichting Financiering Deloitte, ING and Rabobank (as lenders under the Company's credit facility).

### ***The Supervisory Board***

The company has indemnified the members of the Supervisory Board from the financial consequences of claims from third parties (including defense costs) resulting from or related to the supervisory task of the members of the Supervisory Board and to the extent that in so far the insurance of the company does not cover matters concerned.

### ***Bank guarantees***

Bank guarantees amounting to approximately € 6,200 (31 May 2012 € 6,900) have been issued to third parties.

### ***Other guarantees***

Following past acquisitions guarantees have been agreed for the maximum amount of € 10,779 (31 May 2012: € 10,779) on balance sheet date.

**Claims**

Claims have been submitted against the legal entities that belong to the Deloitte organization in the Netherlands for alleged poor performance of activities. A strong defense will be mounted against these claims. The Deloitte organization has professional indemnity insurance. If considered necessary, provisions will be formed to cover the difference between any potential claims and the related insurance payment.

**Financial instruments**

The financial instruments shown on the balance sheet mainly regard financial fixed assets, receivables, cash, subordinated long-term and current liabilities and amounts owed to suppliers and trade credits.

**Exchange rate risk**

Exchange rate risks, mainly dollar risks, arising from future operational cash flows and financing activities in foreign currencies are hedged by means of forward exchange contracts if considered necessary. No hedging activities took place in the year under review.

**Interest rate risk**

Interest rate risks relate mainly to:

- short-term credit facilities carrying variable Euribor-based interest with a surcharge;
- subordinated loans, carrying variable Euribor-based interest with a surcharge capped at 8% for the compulsory subordinated loans.
- long-term loans to IHC Interposed Holding Company

1 S.A.S. Interest rate risks are not hedged.

**Credit risk**

Inherent to the nature of the group's activities is its exposure to credit risk. These risks mainly regard uncollectable debts on debtors, for which adequate provisions have been recognized. The risk of non-collectability is mainly restricted by the multitude and diversity of parties owing to the group.

**Fair value**

Unless stated otherwise, the estimated fair value of the financial instruments included in the balance sheet as of 31 May 2013 approximate their book value.

## Notes to the specific items on the consolidated profit and loss account

### 9) Net turnover:

The net turnover breaks down over the functions as follows:

in € thousands	2012/2013	2011/2012
Audit	276,922	288,971
Tax	162,697	174,479
Consulting	145,683	125,441
Financial Advisory Services	42,676	44,299
Innovation	1,555	3,483
Support/Holding	1,498	1,111
	<b>631,031</b>	<b>637,784</b>

Net turnover is mainly realised in the Netherlands.

### 10) Other operating income

Other operating income mainly relates to income from disposal of activities during the year under review.

### 11) Salaries and social security charges

in € thousands	2012/2013	2011/2012
Salaries *	227,647	232,364
Social security charges	30,383	29,229
Pension costs **	25,671	21,731
	<b>283,701</b>	<b>283,324</b>

\*) Salaries contains €4,282 costs of reduction in personnel headcount (2011/2012 €3,064).

\*\*) In 2011/2012 Pension costs contains a €3,136 refund of pension contributions paid in excess with respect to previous years.

## Workforce

The average number of partners and employees working in the group, in FTE's, and broken down by activity, was:

	2012/2013				2011/2012			
	Partners	Fee earners	Support Staff	Total	Partners	Fee earners	Support Staff	Total
Audit	104	1,644	161	1,909	109	1,757	162	2,028
Tax	71	691	93	855	77	729	93	899
Consulting	35	657	43	735	32	629	39	700
Financial Advisory Services	20	194	13	227	19	186	14	219
Innovation	1	44	1	46	-	39	2	41
Support/Holding	11	-	558	569	9	-	579	588
	<b>242</b>	<b>3,230</b>	<b>869</b>	<b>4,341</b>	<b>246</b>	<b>3,340</b>	<b>889</b>	<b>4,475</b>

Virtually all employees are based in the Netherlands

\*) As of June 1, 2012 some support activities were transferred from Audit, Tax and Consulting to Support/Holding (comparative figures are adjusted)

## 12) Amortisation of intangible and depreciation of tangible fixed assets

in € thousands	2012/2013	2011/2012
<b>Intangible fixed assets:</b>		
Amortisation	3,397	3,109
<b>Tangible fixed assets:</b>		
Depreciation	12,712	15,937
	<u>16,109</u>	<u>19,046</u>

## 13) Other operating expenses

Other expense can be specified as follows:

in € thousands	2012/2013	2011/2012
Accommodation costs	36,043	35,407
Staff cars *	35,968	33,967
Employee benefits	22,361	28,015
Office costs	12,359	11,330
Other costs	55,515	61,809
	<u>162,246</u>	<u>170,528</u>

\*) Staff cars contains €224 (2011/2012 €2,510) release of an accrual on V.A.T. private use of lease cars.

The auditor's fee included in the office costs can be specified as follows:

in € thousands	2012/2013	2011/2012
Audit of the financial statements	117	143
Other audits	64	38
	<u>181</u>	<u>181</u>

## 14) Financial income and expenses

in € thousands	2012/2013	2011/2012
Interest income and similar income	80	421
Interest paid and similar costs	(5,958)	(8,340)
	<u>(5,878)</u>	<u>(7,919)</u>

**15) Taxation on the result from ordinary activities**

The company and its wholly-owned subsidiaries in the Netherlands form one tax group for company tax purposes. There are no losses available for setoff against tax liabilities.

The Associate Fee will be taxed at the shareholder level.

**16) Shareholders' Associate Fee**

For the Associate Fee and transactions with related parties reference is made to the accounting principles for determination of the result. The group has transactions with the shareholders for which the nature and scope are disclosed in the notes to the consolidated financial statements.

# Company financial statements

## Company balance sheet as of 31 May 2013 (before result appropriation)

Assets in € thousands	Note	31 May 2013		31 May 2012
<b>Fixed assets</b>				
Financial fixed assets	[1]	74,182		96,381
<b>Current assets</b>				
Receivables and prepayments	[2]	105,796	60,619	
Cash and cash equivalents		-	26,332	
		<u>105,796</u>	<u>60,619</u>	86,951
		<u>179,978</u>		<u>183,332</u>
Liabilities in € thousands	Note	31 May 2013		31 May 2012
<b>Shareholders' equity</b>				
Issued share capital *	[3]	6,650	6,650	
Statutory reserve		1,722	1,410	
Other reserves		<u>(1,722)</u>	<u>(1,410)</u>	
		6,650		6,650
<b>Long-term liabilities</b>				
Subordinated loans Stichting Financiering Deloitte *	[4]	112,437	110,057	
Deferred income		<u>292</u>	<u>432</u>	110,489
	[5]	60,599		66,193
<b>Current liabilities and accruals</b>				
		<u>179,978</u>		<u>183,332</u>

[ ] The figures between brackets refer to the corresponding note to the company financial statements.

\*) The shareholders' equity and the subordinated loans represent the capital base € 119,087 (31 May 2012 €116,707).

**Company profit and loss account for the period 1 June 2012 to 31 May 2013**

in € thousands	2012/2013	2011/2012
Share in results of participating interests	36,705	56,634
Other income and expenses after tax	51,421	42,191
	<b>88,126</b>	98,825
Shareholders' Associate Fee	<b>(88,126)</b>	(98,825)
<b>Result after tax</b>	-	-

**Notes to the company financial statements****General accounting principles for the preparation of the financial statements**

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. For an explanation of the general accounting principles used in the preparation of the financial statements, the policies for valuation of the assets and liabilities and for determining the result, as well as for the notes to the various company assets and liabilities and the results reference is made to the notes to the consolidated financial statements, unless stated otherwise.

**Financial fixed assets**

Participating interests in group companies are carried at net asset value, determined on the basis of group accounting principles.

**Other income and expenses**

The other income and expenses includes the annual fees received from the various group companies providing the partners work force for the company.

## Notes to the specific items on the balance sheet

### 1) Financial fixed assets

A summary of the movements in the financial fixed assets is presented below:

in € thousands	Participating interests in group companies	Other participating interests	Receivables from group companies	Other receivables	Total
Book value as of 1 June 2012	55,413	1,210	39,252	506	96,381
Movements:					
Investments	72	-	-	-	72
Interest accrual	-	-	-	40	40
Issued loans	-	-	1,774	-	1,774
Exchange rate differences	-	-	-	(24)	(24)
Share in result of participating interests	36,670	35	-	-	36,705
Dividend received	(62,504)	(36)	-	-	(62,540)
Negative equity of participating interest deducted from current account receivables/subordinated loan	4,528	-	1,921	-	6,449
Repayments on long-term loans in following year	-	-	(4,675)	-	(4,675)
<b>Book value as of 31 May 2013</b>	<b>34,179</b>	<b>1,209</b>	<b>38,272</b>	<b>522</b>	<b>74,182</b>

Amounts owed by group companies are unsecured subordinated loans.

Other receivables mainly relate to receivables from IHC Interposed Holding Company 1 S.A.S., a shareholder of Deloitte CIS Limited.

## Consolidated companies

The following subsidiaries are included in the consolidated financial statements:

Name	Registered office	Share in the issued capital
<b>Deloitte Accountants B.V.</b>	Rotterdam	100%
- Deloitte Salarisverwerking B.V.	Rotterdam	100%
- Deloitte Management Support B.V.	Amsterdam	100%
<b>Deloitte Belastingadviseurs B.V.</b>	Rotterdam	100%
- Deloitte Belastingadviseurs New York B.V.	Rotterdam	100%
- Deloitte Belastingadviseurs Hong Kong B.V.	Rotterdam	100%
- Deloitte Family Office B.V.	Rotterdam	100%
<b>Deloitte Consultancy Holding B.V.</b>	Rotterdam	100%
- VB/Deloitte Holding B.V.	Rotterdam	100%
- Administratie/Adviesgroep CAW B.V.	Voorhout	100%
- Deloitte & Touche Acquisition B.V.	Rotterdam	100%
- Deloitte Consulting B.V.	Amsterdam	100%
- Vivens Groep B.V.	Joure	100%
- Vivens ICT B.V.	Joure	100%
- Vivens CRM B.V.	Joure	100%
- Vivens EDU B.V.	Joure	100%
<b>Deloitte Innovation Holding B.V.</b>	Rotterdam	100%
- Deloitte Innovation B.V.	Rotterdam	100%
- PXR B.V.	Rotterdam	100%
<b>Deloitte Financial Advisory Services B.V.</b>	Rotterdam	100%
- Deloitte Pension Advisory B.V.	Rotterdam	100%
<b>Deloitte Group Support Center B.V.</b>	Rotterdam	100%
- Deloitte Education B.V.	Rotterdam	100%
- Deloitte Group Support Center Overseas Services B.V.	Rotterdam	100%
<b>Deloitte Risk Services B.V.</b>	Rotterdam	100%
- Deloitte Forensic & Dispute Services B.V.	Amsterdam	100%
<b>IFV Integration Netherlands (Receiving) B.V.</b>	Rotterdam	100%
<b>Deloitte Overseas Projects I B.V.</b>	Rotterdam	100%
<b>Deloitte Overseas Projects II B.V.</b>	Rotterdam	100%
<b>Deloitte Overseas Projects III B.V.</b>	Rotterdam	100%

## Changes in the financial year under review

### Other changes

On June 1, 2012 Business Support Finance IT HR Professionals B.V. changed its name into Deloitte Risk Services B.V., Deloitte Bijzonder Onderzoek & Integriteitsadvies B.V. changed its name into Deloitte Forensic & Dispute Services B.V. and Deloitte Innovation A B.V. changed its name into PXR B.V.

On June 1, 2012 Deloitte Risk Services B.V. was sold from Deloitte Consultancy Holding B.V. to Deloitte Holding B.V., Deloitte Forensic & Dispute Services B.V. was sold from Deloitte Accountants B.V. to Deloitte Risk Services B.V. On June 20, 2012 Deloitte Innovation B.V. was sold from Deloitte Holding B.V. to Deloitte Innovation Holding B.V.

RVCNet B.V. was sold on September 17, 2012.

On April 2, 2013 Deloitte Consulting B.V. bought Vivens Groep B.V. and its subsidiaries Vivens ICT B.V., Vivens CRM B.V. and Vivens Edu B.V.

### Other participating interest

The other participating interests are minority interests in Nautilus Indemnity Holdings Ltd, established in the Bermudas, Deloitte SE, established in the Netherlands and IHC Interposed Holding Company 1 S.A.S., established in France, a shareholder of Deloitte CIS Limited.

## 2) Receivables and prepayments

in € thousands	31 May 2013	31 May 2012
Current accounts owed by group companies	85,131	40,265
Other receivables and prepayments	20,665	20,354
	<b>105,796</b>	<b>60,619</b>

Annual interest is charged on the current accounts owed by group companies at approximately 1.9% (prior year 2.8%)

There are no receivables or prepayments with an original term longer than 1 year.

## 3) Shareholders' equity

### Issued share capital

The issued capital of the company amounts to € 6,650,000 divided into 266 ordinary (31 May 2012 266) shares of € 25,000. By deed of amendment of the articles of association dated 30 May 2008 a new class of shares, Class P shares, has been introduced in May 2008. These Class P shares have the same nominal value and the same voting and other rights as ordinary shares except that, upon liquidation of the company, Class P shares have priority over ordinary shares with respect to repayment of the nominal value of the shares from the liquidation proceeds.

### Statutory reserve

During the financial year 2012/2013 Deloitte Holding B.V. capitalized developments costs for project X Ray through its wholly owned subsidiary PXR B.V. for the amount to € 0.6 million. In accordance with article 2:365.2 of the Dutch Civil Code a statutory reserve has been recognised. Due to the absence of available undistributed profits and as stipulated by RJ 240.230 the amount of the statutory reserve has been charged to the Other Reserves, resulting in a negative amount.

### The movements in the statutory reserve are as follows:

in € thousands	Statutory reserve
Book value as of June 2012	1,410
Movements:	
Capitalized	620
Amortisation	(308)
<b>Book value as of 31 May 2013</b>	<b>1,722</b>

#### 4) Long-term liabilities

The long-term liabilities can be specified as follows:

in € thousands	31 May 2013		31 May 2012	
	Total	Interest rate	Total	Interest rate
Subordinated loans Stichting Financiering Deloitte after deduction of short-term repayment commitments	112,437	4.33%	110,057	5.35%

#### Deferred income

Deferred income relates to incentives received in the connection with entering into an operational lease contract for cars. The incentives are related to the operational lease contract and are therefore amortised over the term of the operational lease contract.

#### 5) Current liabilities and accruals

in € thousands	31 May 2013	31 May 2012
Current accounts owed to group companies	22,292	27,544
Tax	18,752	15,827
Stichting Financiering Deloitte	12,103	11,466
Stichting InterNos	-	7,800
Repayments on long-term loans in following year	4,750	3,265
Amounts owed to credit institutions	1,303	-
Pension liabilities	199	-
Other liabilities and accruals	1,200	291
	<u>60,599</u>	<u>66,193</u>

#### Off-balance sheet commitments

##### Tax group

The legal entity and its wholly-owned subsidiaries make up a fiscal unity for corporation tax and V.A.T. purposes and for that reason are jointly and severally liable for the tax payable by the fiscal unity as a whole.

##### Lease commitments

The company has entered into long-term leases for premises and operating lease contracts for vehicles. The commitments fall due as follows:

The commitments fall due as follows:

in € thousands	31 May 2013	31 May 2012
Within one year	54,000	56,000
Between one and five years	158,000	149,000
More than five years	97,000	113,000
	<u>309,000</u>	<u>318,000</u>

### **Facility services**

As of 1 December 2006 Deloitte outsourced facility services integrally to a third party. A large number of staff was transferred to the new service provider. The contract was renewed for 5 years as of June 2012. Deloitte has undertaken to re-employ the former employees or to employ them with a succeeding facility supplier if the contract is not renewed after 5 years.

### **Membership**

Deloitte Holding B.V. is a member of Deloitte Touche Tohmatsu Limited and Deloitte EMEA Co-operation Limited. Deloitte Holding B.V. is obliged to pay annual subscription and services fees.

### **Funding of other participating interests**

The group has agreed if necessary to provide additional funding in the amount of USD 3.8 million to IHC Interposed Holding Company 1 S.A.S. a shareholder of Deloitte CIS Limited of which USD 1.7 million has been paid in June 2013.

### **Guarantees**

The company acts as a guarantor for certain contractual obligations of its subsidiaries. Information on this is to be found in the notes to the consolidated financial statements.

### **Stichting InterNos**

Stichting InterNos was granted bankloans amounting to € 120,000 to finance the settlement of goodwill rights. The credit agreement has been renewed in June 2010. After repayments, the loans amount to € 78,000 as of 31 May 2013. On a yearly basis € 6,000 will be repaid until 31 May 2015 at which time the remaining € 72,000 will be redeemed. The effective interest rate on the loan is 4.1%. As security for these loans Deloitte Holding B.V. and its material subsidiaries issued a joint and several liability undertaking. As of 31 May 2013 the total goodwill has been settled (31 May 2012 € 18,000).

### **Stichting Financiering Deloitte**

Deloitte Holding B.V. and its subsidiaries are jointly and severally liable to shareholders for that which is owed to them by Stichting Financiering Deloitte with regard to the financial resources borrowed from the shareholders by Stichting Financiering Deloitte and re-issued to Deloitte Holding B.V.

The Company has agreed certain security covenants with Stichting Financiering Deloitte, including a negative pledge covenant as well as the granting of securities at the first request of Stichting Financiering Deloitte. With respect to the ranking of these securities rights, covenants have been agreed between the Company, Stichting Financiering Deloitte, ING and Rabobank (as lenders under the Company's credit facility).

### **The Supervisory Board**

The company has indemnified the members of the Supervisory Board from the financial consequences of claims from third parties (including defense costs) resulting from or related to the supervisory task of the members of the Supervisory Board and to the extent that in so far the insurance of the company does not cover matters concerned.

### **Bank guarantees**

Bank guarantees amounting to approximately €1,155 (31 May 2012 €1,900) have been issued to third parties.

### **Other guarantees**

Following past acquisitions guarantees have been agreed for the maximum amount of € 10,779 (31 May 2012: € 10,779) on balance sheet date. Deloitte Holding B.V. acts as a guarantor for Deloitte Group Support Center B.V., a wholly owned subsidiary, with respect to the facility services contract. Total contract value amounts to €52,000 (31 May 2012 €69,000)

## Other notes to the financial statements

### Remuneration of members of the Executive Board and the Supervisory Board

The remuneration of members of the Executive Board comprises an Associate Fee plus a fixed expense allowance, and for some members a fee for their established rights over goodwill.

#### The Executive Board was remunerated as follows:

	2012/2013	2011/2012
Remuneration amount in € thousands	4,123	2,299
Number of members of the executive Board in FTE's	8	4

#### The external members of the Supervisory Board were remunerated as follows:

	2012/2013	2011/2012
Remuneration amount in € thousands	151	154
Number of members of the Supervisory Board in FTE's	3	3

Rotterdam, July 12, 2013

#### Executive Board

Mr. P.J. Bommel (Chair)  
Mr. C.J.G.M de Boer  
Mr. M. Beelen  
Mrs. S.H.C. Heuts  
Mr. R.A.J. Roovers  
Mr. W.L. Smit  
Mr. M.J. van der Vegte  
Mr. M. van Vliet

#### Supervisory Board

Mr. F.G.H. Deckers (Chair)  
Mr A.B. van der Touw  
Mrs. A.L.J.M. van Berkel (Vice-Chair)  
Mr. S Kloosterhof  
Mr. C.A.M. Renne

# Other Information

## **Articles of Association provisions governing the appropriation of profit**

Article 20 of the Articles of Association of the company reads as follows:

- Profit shall be distributed under the provisions of this article after the financial statements showing that the distribution is permissible have been adopted.
- Appropriation of the profit shall be the prerogative of the general meeting of shareholders.
- The company may distribute profit available for distribution to shareholders and others entitled to it only insofar as its shareholders' equity exceeds the issued capital, augmented by reserves that have to be kept pursuant to law.
- A deficit may only be offset from the reserves required by law in so far as the law permits this.
- In calculating the distribution of the amount destined to be paid out on shares, the shares that the company holds in its own capital shall not count.

## **Profit appropriation**

No profit was made in the year under review, so there is no profit available for distribution.

## **Independent auditor's report**

To: Shareholders, Supervisory Board and Executive Board of Deloitte Holding B.V., Rotterdam

### ***Report on the financial statements***

We have audited the accompanying financial statements for the year ended 31 May 2013 of Deloitte Holding B.V., Rotterdam, which comprise the consolidated and company balance sheet as at 31 May 2013, the consolidated and company profit and loss account for the period 1 June 2012 to 31 May 2013 and the notes, comprising a summary of the accounting policies and other explanatory information.

### ***Management's responsibility***

The Executive Board is responsible for the preparation and fair presentation of these financial statements and for the preparation of the Report from the Executive Board, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion with respect to the financial statements**

In our opinion, the financial statements give a true and fair view of the financial position of Deloitte Holding B.V. as at 31 May 2013 and of its result for the period 1 June 2012 to 31 May 2013 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report from the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Report from the Executive Board to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, July 12, 2013

Ernst & Young Accountants LLP

Signed by O.E.D. Jonker

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