Prioritising Audit Quality - Today, Tomorrow and Always

Deloitte Cyprus

Audit Transparency Report

for the year ended 31 December 2014
Regulatory Context
This Transparency Report has been prepared in accordance with the provisions of article 48 of the Law of 2009 and 2013 on Statutory Audits of Annual and Consolidated Accounts.

The provisions require the annual publication of certain information by auditors, defined as statutory auditors, that have issued an audit report on the annual financial statements of one or more public interest entities during the financial year. This information is to be published on their website or deposited with the Companies Registrar within 3 months of each financial year. Deloitte Limited undertook such audits during the year ended 31 December 2014.

The terms Firm and Deloitte will normally denote the Deloitte Cyprus firm, Deloitte Limited, throughout this document. The Cypriot firm Deloitte Ltd is a Cyprus registered entity authorised to practice as an audit firm in Cyprus together with its connected undertakings. Full description of the Legal structure of Deloitte Cyprus is set out on page 39 of this report.
1. Our commitment

Welcome to our 4th Deloitte Audit Transparency Report in respect of the year-ended 31 December 2014 - a year which will be remembered as the one in which Cyprus faced up to the aftermath of the agreement with its international lenders.

Our financial and operating performance during 2014 was strong, despite a challenging global and local economy. Notwithstanding an exceptionally commendable increase in revenues, investments in areas such as quality, technology, client service and innovation were strengthened to extend our service capabilities for the future. Our position has, once again, been reinforced as a leading professional services organisation in Cyprus offering high class services on an individual, national and global level.

The breadth of our work and of how Deloitte’s people bring fresh ideas to make a positive impact on clients, organisations, and our community with which we work underpin our strategic position.

For instance, Deloitte professionals:

- Enable companies to explore revenue opportunities by diversification or enabling merger and acquisition opportunities;
- Guide chief financial officers on how to better navigate the complex economic landscapes;
- Improve conditions for workers and prevent business disruptions by working with clients to develop their HR processes; and
- Help organisations enhance cyber security and resilience so they can better detect fraud, recover from intrusions, and get back to business quickly.
- Help organisations develop processes to comply with applicable laws and regulations for example Anti Money Laundering obligations

Deloitte specialists bring insights from their client experience, which helps in developing solutions that are practical and effective. Our priorities include contributing to the battle against corruption in all its forms to increase the integrity of markets within both local and global economies and inspire a journey out of economic recession and towards increased employment opportunities within the community.

Likewise, we take our public interest role seriously and work with regulators and governmental bodies and organisations to contribute to policy development that promotes quality, objectivity, competition, investor confidence, and a return to economic growth. Working with other organisations, Deloitte also takes a leading role in addressing challenges faced in common by businesses, government, and local communities.
As this report demonstrates, an unwavering commitment to quality underpins all our work. Quality is a common thread woven through the Deloitte culture. The focus on quality starts with Deloitte’s leaders. Robust quality controls are in place throughout the organisation and client assignments are approached with rigor and discipline. We recognise that we need to continue to challenge ourselves in how we deliver consistently high levels of quality in the context of changing regulatory requirements, expectations, technologies, competition for talent and economic uncertainties. We are confident that the investments we have made, and are continuing to make, in our audit processes, policies and quality controls are enhancing the quality of our audits. Our Audit Quality Plan is central to guiding us on this journey and ensures we are always questioning the status quo.

We hope you find this report as informative and inspiring as we do alongside its compliance with the Law.

Thank you for investing your time in learning more about Deloitte’s commitment to quality, effective governance and professional excellence. As you will understand from the report, we are fully aware of the impact of the quality of our work on sustaining confidence in financial reporting and supporting the wider public interest. This report is accompanied by a list of Deloitte Cyprus’ Public Interest Entities for which an audit report was issued during 2014.

You have our personal commitment that Deloitte will continue to engage constructively with regulators, elected officials, and other interested parties in pursuit of policies that further strengthen the quality of financial reporting to the investing public. The need for an independent, objective, trusted voice in these difficult times is more critical than ever. As professionals committed to excellence, we are creating innovative solutions to anticipate and envision the audit of the future.

Our heritage
While the world has changed significantly since the Deloitte network was founded in 1895 and the creation of our Firm more than 55 years ago, our commitment to audit quality and leadership in the public accounting profession remains a hallmark of our brand. At the heart of that commitment is our belief that nothing is as important as a foundation rooted in quality, which we strive to protect by performing our work with the highest levels of integrity.
2. A message from our CEO

A welcome note to our 4th Annual Transparency Report
by Christis M. Christoforou, Chief Executive Officer

The time has rolled around again to produce and publish our Audit Transparency Report - this will be our 4th - and much has happened within the local and international audit sector and the wider business markets in this timespan. These new market realities transcend themselves into the realm of the professional auditor and service provider and mean that our ability to fulfil our promise to our clients and to sustain our own growth rests on executing a strategy that appropriately addresses a fluid and deeply competitive environment and anticipates the current and future needs of clients both locally and on a global scale.

2014 was not a year of plain sailing for the crisis-hit local economy - no business had the opportunity to simply sit back and watch - nor for many economies globally; we bore witness to many political and economic instabilities in different corners of the globe and regularly saw war torn streets on media pages. Deloitte, locally and globally, has been more than resilient in the face of these challenges and has stood up to the threats and taken advantage of the opportunities created, recently becoming the biggest professional service provider in the world and retaining our competitive position locally.

On the Cyprus national level, I am confident that with conscious thought and responsible and prompt action within our legislature, our island can be wisely navigated through its current storm and guided to a return to prosperity for all. During this journey, our nation can learn from past mistakes for the benefit of all. We trust that our elected officials will not only continue, but also step-up efforts, to find a workable solution to the Cyprus problem widely believed to be a significant factor that could have an impact on the speed of the island’s recovery. At the same time, we, at Deloitte, will continue our role in supporting our clients in their successes and assisting in the rebuilding of those that require such action so that they can emerge as winners in the medium term. We will endeavour to make our expertise available to the government and financial services sector in their targeted actions for economic recovery and stability. Further, we will advance our position as role models for excellence, ethical and fair business practices and our resolute stance against money laundering, corruption and bribery.
Here, at Deloitte, we embrace the principles behind the Transparency Report and are pleased to set out our approach to ensuring audit quality, robust governance and ethics. Quality is the hallmark of our brand. It is non-negotiable across our entire wider business and is not limited to our Audit service line. Indeed, our Tax service line was recognised as the “Cyprus Tax Firm of the Year 2014” in the International Tax Review (ITR) European Tax Awards for the second consecutive year, our Human Resources best practices were reconfirmed as Gold Standard and maintained Champion status under the Investors in People framework and our trainee programs were acknowledged as exceeding expectations; all testimony to our quality hallmark.

Transparency is an increasingly central element in demonstrating quality and we are in favour of disclosing information that is valuable to interested parties such as investors, audit committees, regulators and other stakeholders in order to understand our commitment to audit quality. Indeed, audit quality is one of the three strategic pillars of our global audit 2020 strategy. Going forward, it is clear to me and my fellow partners that the role of auditors is a critical one in underpinning the confidence required to stimulate businesses and economic growth.

I whole-heartedly believe that we have positioned our Firm well to overcome the next few difficult years by retaining our devotion to quality, managing our risk exposure and adopting a global vision. This translates into an ever-present Firm with superior capabilities to assist its clients and serve its public interest roles. 2014 saw our Firm achieve a more-than respectable growth which is an a especially pleasing result in the economic and competitive circumstances we operate within - and is a valuable indicator of our future. From our leaders to our newest recruits - each and every one of us has a role to play in preserving this position.

Times ahead whilst marred with uncertainties look full of promise for Deloitte and this I attribute to our willingness to adapt, invest, learn whilst simultaneously practicing “Our Shared Values” (page 10) in combination with our multi-disciplinary approach and service differentiation. The uncertainty in the audit arena which had existed for a few years surrounding Audit Reform in the EU has been brought into EU legislation during 2014 and clarifies the future direction we must take. Deloitte welcomes all principles that improve transparency and public reporting. Care must now be taken by our elected officials to ensure the effective implementation in Cyprus; we will continue our conversations with relevant parties to achieve this important target.

Our plans for the future are rooted in Deloitte’s global 2020 strategy and our global vision; to become the “Undisputed leader in service provision”, the “first choice of the most sought-after clients and talent” famous for the calibre of our people and respected for the exceptional quality of our work. Our “As One” strategy with focussed and targeted market investment will help us secure and widen our leadership position in our market. These strategies will ensure responsible, manageable and sustainable growth for our Firm.

Our goal is to be the highest performing and most successful firm in Cyprus through our continuous commitment to improvement, quality and each other. It has always been a profound honour for me to lead Deloitte and its team of committed, talented, culturally diverse professionals, never more so than in 2014. During 2014, I can attest to Deloitte teams going much further than “the extra mile” in helping, advising and serving our clients in new, innovative ways. For this, I say thank-you to all Deloitte people.

At Deloitte, we are committed to prioritising audit quality today, tomorrow and always and as I extend my invitation to you to read the main body of this report, I am confident that you will appreciate this commitment from within its pages.

Enjoy your read!

Christis M. Christoforou
Chief Executive Officer
Deloitte Limited
Performing our engagements in an ethical manner, fully conversant with the risks presented by that engagement is the way things get done at Deloitte. Ethics and risk management form the cornerstones of high quality service provision. Just as top athletes increase their fitness, and talented musicians refine their craft, so too can we practice and enhance our ethical fitness. Ethics is the art and discipline of discerning the Right, the Good, and the Fitting action to take, and having the creativity and courage to do it. Attention to the ethical lenses of the ‘Right’, the ‘Good’, and the ‘Fitting’ help us stay ethically fresh and guide us through the ethical, often, grey zone. I see it as one of the most important elements of my role; to disseminate this message successfully across the entire Deloitte population in Cyprus.

Our commitment, at Deloitte, to quality is unequivocal. It is part of my role as Risk and Reputation Leader to ensure that this culture is prevalent throughout, and in every facet of, our organisation. Quality is our most significant risk management tool upon which we are making an ever-increasing investment in education, professional development and compliance as the environment in which we operate becomes more complex.

In these trying times for capital markets and the public trust, as a Firm, we welcome the emphasis being placed by investors and regulators on the quality of audit scepticism. We are continually addressing the challenge of enhancing professional scepticism and innovation in our audits, thus “doing the right thing and focusing on quality”.

The problems and challenges of the local economy look far from over with seemingly new issues arising on, what often feels like, a daily basis. This pushes the role of ethics and the activities we undertake to protect our brand ever more to the forefront of our daily routines.

The challenge of the Cypriot economic circumstances must be faced with innovation and strength. We see our role as key in leading our clients, step-by-step en-route to driving the
foundations of a new and stabilised economic future for the good of the whole of society. Within our audit practice, our role is to build trust in markets and in stakeholders and investors so as to enable those markets to operate efficiently.

The conclusion to the three and a half year long debate about how audit needs to change across the European Union was long-awaited and we are pleased that it has arrived. The legislation adopted will result in big changes both for auditors and the companies they audit. However, there are “lingering concerns” focused on the patchwork of differing requirements that may develop across Europe. A number of the new provisions in the legislation will strengthen corporate governance and enhance the transparency of audits to investors and audit committees. It is helpful that we now have a direction of travel. We must be cautious of the dangers of market fragmentation caused by this soon to be implemented EU audit reform (set for June 2016) as member states are left to mull over 83 options presented to them in the regulation and directive. We will continue to work and converse with the relevant interested parties to ensure that its implementation in Cyprus is thoughtfully and responsibly carried through.

The troubled world in which we live continues to throw business threats at us on a regular basis not least with the instigation of economic sanctions by the EU and the US over the events in Ukraine. We hope that meaningful diplomacy will be able to achieve solutions to such issues in the near term.

With the announcement of the new audit report, we welcome the greater transparency it will afford to financial statements’ audits and thus bringing about an increase in confidence from all stakeholders. We are commencing our training and awareness programs to be fully prepared for the onset of, and new risk exposures, from the new required reporting which is for financial periods ending on or after 15 December 2016.

We look forward to our upcoming regulatory inspection and “Quality Checked” reviews from ICPAC without complacency - there is always room for improvement - but with comfort that we have in place the policies and processes and have recruited the right professionals to ensure positive outcomes in these reviews with minimal comments and deficiencies identified.

We are pleased to see the onset of regulatory visits in respect of our compliance with the Anti-Money Laundering Legislation and welcome the expected positive outcomes of these. Professional services and auditing firms in Cyprus, and in particular Deloitte, have long taken these responsibilities seriously and have understood that strength in this area assists in the world-wide arena marketing Cyprus as an international business centre.

At Deloitte, we are firmly committed to restoring economic growth. Pivotal to this goal, is our devotion to quality with inbuilt ethics as the foundation.

I leave you with a famous quote:

“A ‘No’ uttered from deepest conviction is better and greater than a ‘Yes’ merely uttered to please, or what is worse, to avoid trouble.”

Mahatma Gandhi, Indian political and spiritual leader

“Ethics is the art and discipline of discerning the Right, the Good, and the Fitting action to take, and having the creativity and courage to do it.”
4. Our Audit Leader

Auditors play a vital role in creating and maintaining investor confidence in the capital markets. As one of Cyprus’ leading audit firms, consistently delivering high-quality audits to the business community is a top priority for our leadership and our assurance professionals.

We recognise that we need to continue to challenge ourselves in how we deliver consistently high levels of quality in the context of changing regulatory requirements, expectations, technologies, competition for talent and economic uncertainties. We are confident that the investments we have made and are continuing to make in our audit processes, policies and quality controls are enhancing the quality of our audits. Our Audit Quality Plan is central to guiding us on this journey and ensures we are always questioning the status quo.

This Transparency report provides comprehensive, relevant information for management, directors, audit committees, regulators and investors to better understand the governance structures, the network, the people and the quality control systems that underlie a Deloitte audit and how we measure our success in reaching our quality goals, including the results of internal and external inspections and regulatory visits. Auditing public interest companies - the ones for which we expressed an opinion in 2014 are listed on page 56 - is a continuous improvement process.

There are several truths about audit quality:
1. There are no generally accepted ways to measure it.
2. Deloitte’s efforts to achieve quality stem from using a robust and consistent audit methodology documented on an audit platform that is used by Deloitte worldwide.
3. We invest thousands of hours in training all our professionals across all service lines, not merely audit, and methodology improvements.

A message from our Audit Leader - Costas Georghadjis

The aspiration
Be recognized as the undisputed leader of the profession by all stakeholders
This will be achieved by becoming the world’s most trusted provider of audit services, delivering a high quality differentiated experience, while gaining market share and contributing to the Deloitte multi-disciplinary model.

Leading the way in Audit, Deloitte’s professionals are committed to excellence and to enhancing the trust of the investing public and capital markets. Quality is our top priority, and by focusing on innovation, we continue to raise the bar on quality and deliver greater value to our clients.
4. The double-figure decisions and complex judgements made in the course of performing an audit create the risk of making a decision or judgement that will compromise quality. That risk is mitigated by multiple review mechanisms, creating a culture of consultation within the context of investing in consultative resources and relationships and other elements of quality control that are described in more detail within this report.

**Continuous improvement - How it works**

We are proud of our professionals and our audits. We recognise, however, that due to the challenges faced by our clients’ businesses, the constant evolution of those businesses, the world in which those businesses operate and the, thus, complex nature of the many judgements required throughout the audit process, we need to make continuous improvements to our audit performance. Some of those changes are a direct response to the comments and observations from our internal and external inspections. When we become aware of an audit deficiency through an Inspection comment, no matter how few or minor those comments may be, our professionals accept the feedback in the spirit of continuous improvement and work to address them promptly. The trademark of a true professional, after all, is the ability to learn and refine.

We hold ourselves to very high standards and take pride in the important public interest role entrusted to us. I outline below a summary of the most significant actions that we have undertaken to drive quality further forward.

- Rolling out, and adopting as a core component of our culture, a set of eight Global Audit Imperatives that concisely articulate the most important areas of audit quality focus. They form the foundation for learning programs for the audit professionals and specialists supporting our audits.
- Rededication to our purpose as independent evaluators. We consistently reinforce to our professionals that the role we serve is one of an independent evaluator, in which professional scepticism is a critical mind-set necessary to fulfil our professional responsibilities.
- Investment in our audit practice. In order to effectively implement the Audit Imperatives, we have made substantial investments in our audit practice. The number of professionals we employ is up over the past four years by 18% to more than 530. We have revamped our audit approach to focus effort in those areas that present the most significant risks and to more closely integrate all aspects of the financial statement audit. The most important ingredient to a quality audit is a talented, well-trained team of professionals who are fully dedicated to performing a high-quality audit in the public interest. To help nurture the profession’s best auditors, we invested in the Deloitte University, a state-of-the-art learning and leadership development centre near Brussels and in Chantilly in France. These facilities represent a major commitment to advancing quality and professional excellence across our organization.
- Holding ourselves accountable. We have set Audit Quality Indicators and will continue to measure ourselves against these metrics and incentives that are tightly aligned with achieving our quality objectives.
- Differentiating our services on the basis of quality. We are committed to providing exceptional value at a fee that is fair and competitive. We have engaged in candid conversations with the audit committees and the management of our clients about the level of effort and fees that are necessary to perform a quality audit. It is important to understand that we will never cut corners or compromise on our professional responsibilities in response to fee pressures. The vast majority of the time, we arrive at a fair fee arrangement that enables us to deploy the appropriate resources to conduct a high-quality audit. In limited instances where we believe the fee offered is not sufficient to perform a high-quality audit, or the company does not share our commitment to high standards of financial reporting, we do not accept or continue the engagement.
- Constructive engagement with our regulator – via active roles on the various Committees and Council. We look forward to our next regulatory visit to publicly reaffirm our commitment to quality which we anticipate will take place during 2015.

When seeking to grow our practice, our objective is to identify new clients that share our values - a consistent commitment to high-quality and transparent financial reporting. Recognition in the marketplace for professional excellence must be the driver of an auditing firm’s commercial success.

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

“Each of our professionals recognises that we all own quality, individually and collectively.”
Our Vision
Aspiring to be the undisputed leader

Deloitte aspires to be the undisputed leader in professional services, the first choice of the most sought-after clients and talent. Recently, our global firm retained its number one position in terms of revenue for consecutive years - a first for the network. However, our vision is not just about our top line but our reputation too.

In pursuit of that aspiration, we are mindful of our role in society, our obligation to our organisation and its customers, and our responsibility as employers. We aim high, confident that our daily efforts will come together exponentially to benefit a society that needs continuous infusions of integrity, business acumen, innovation, enthusiasm, thoughtfulness, and most of all, meaningful actions.

Deloitte is committed to driving economic growth, responding productively to challenges, and supporting the creation of a sustainable and prosperous society.

When our clients overcome challenges and capitalise on opportunities, economies can grow. When those clients implement new ideas and enhance the quality of their offerings, consumers can profit. And when those clients operate ethically and adopt environmentally friendly processes, society may thrive.

Deloitte’s mission is to influence those activities through leadership, insight, expertise, problem-solving skills, and deep knowledge of our marketplace. Doing so demands teamwork, working together beyond geographic, functional, and business borders.

This multifaceted, inclusive approach is, perhaps, our greatest strength. The people who represent Deloitte come from many corners of the globe, bringing a tremendous variety of skills and backgrounds. Yet, they function “As One”, aligned with our vision and shared values that are appreciated by clients and talent alike.

Current market indicators indicate that, globally, we are taking the right actions to achieve our vision.

Our Values
Living our values – everyday

Our Shared Values bind the people of the Deloitte member firms together, providing the basis for trusting one another and helping enable the network to achieve its vision.

Integrity
We believe nothing is more important than our reputation. That’s why we are committed to sustainable, responsible business practices. Behaving with the highest levels of integrity is fundamental to who we are. We demonstrate a strong commitment to responsible business practices.

Outstanding value to markets and clients
We play a critical role in helping both the financial markets and our member firm clients operate more effectively. We consider this role a privilege, and we know it requires constant vigilance and unrelenting commitment.

Commitment to each other
We believe our culture of borderless collegiality gives us a competitive advantage, so we work hard to nurture and preserve it. We go to extraordinary lengths to support our people.

Strength from cultural diversity
Both our clients and our people benefit from multidimensional thinking. Bringing together individuals of different backgrounds, cultures, and thinking styles helps clients rise above complex business challenges, and enables our people to develop into better professionals and leaders.
6. Recognising what it means to be a regulated profession

We respect the trust placed in Deloitte by our clients, investors, regulators and the community. Sustaining this trust by providing high-quality audits is an individual and collective responsibility at every level within our Assurance Practice. We recognise that this starts with the tone set by our Firm’s leadership.

Responding to regulatory trends
Around the world, regulators are raising the bar and looking for greater consistency and quality in the delivery of audit services. This includes increasing coordination between each other. Deloitte recognises the important role Institute of Certified Public Accountants of Cyprus (ICPAC) is playing in Cyprus as the regulator in promoting high-quality external audits of financial reports for public interest entities and others.

In Cyprus, we have an open and ongoing dialogue with ICPAC which recognises that our obligations are not limited to inspection periods. These interactions are built on mutual respect, open-mindedness and constructively seeking opportunities for improvement, and occur at various levels both privately and through professional forums.

We recognise that in an environment of increasing and changing regulation we need to respond quickly and effectively by introducing new capabilities and approaches in response to new rules, standards and expectations. We have an Audit Quality Plan, which is regularly updated to remain current and responsive, and is framed around our Recognise, Execute and Improve framework.

Our leaders are held accountable to DTTL to deliver on our shared priority of audit quality. This is achieved through DTTL monitoring the implementation of our Audit Quality Plan and the Practice Review program described in Section 9.

Day to day, we challenge ourselves to deliver high-quality audits and reinvent both how this is achieved and the experience of our clients in a Deloitte audit. We are also proud that our Firm is actively involved in shaping the future our profession in Cyprus through the involvement of our professionals in the many committees of ICPAC.

Establishing the right tone
Our culture is driven by our Chief Executive Officer (CEO) and fully endorsed by our Board of Partners and the Executive. The Firm’s cultural goals can be captured within several areas that enable us to deliver on our promise of professional excellence. The Firm focuses on professional excellence as the foundation for achieving consistently high audit quality. Our National Professional Practice Director (NPPD) Partner, Maria Paschalis, leads the audit quality agenda and is held accountable for creating and supporting a business model and culture that allows practitioners to conduct high-quality audits. Partner meetings and other communication channels are regularly used to reinforce the importance of audit quality.

For example, our Audit Leader wrote to all audit professionals about audit focus areas in September 2014 and the importance of executing high-quality audits. In addition, our NPPD issues a regular alert that includes a quality and risk topic. Each year the Firm holds an Audit Quality update within its learning program covering any changes in the regulatory environment and the importance of audit quality and feeding back the results of any inspections.
We seek to attract the best talent in the market with the right skills and experience so we can serve our clients well and deliver high-quality solutions and output.

We empower our people to take personal responsibility for delivering high-quality work to clients.

We encourage our people to approach every client engagement with the right team drawn from the capabilities of the whole firm, and where needed the DTTL Network, to ensure the highest quality output.

Through a culture of talking openly and honestly, our people are encouraged to voice their ideas and challenge each other. Constructive, two-way communication is viewed as a way to achieve the right quality outcome for our teams and clients.

We encourage a proportion of our people to become market leaders by developing specialist skills, gaining recognition and building networks they can draw on to enhance quality and insight in their work.

Through an ongoing commitment to learning and development, we ensure our people have the necessary skills to deliver high-quality outcomes on a consistent basis.

We believe that when our people enjoy what they do and are recognised for their accomplishments, they are inspired to deliver to the highest standards.

In a survey carried out in September 2014 covering a broad spectrum of professionals within the Firm, the following question was asked. Responses were anonymous:

**Communication from firm leadership consistently reflects audit quality as the number one priority.**

**Table: Deloitte’s focus**

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<tr>
<th>Focus</th>
<th>How our focus support audit quality</th>
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<tbody>
<tr>
<td>Recruit and retain the best</td>
<td>We seek to attract the best talent in the market with the right skills and experience so we can serve our clients well and deliver high-quality solutions and output.</td>
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<tr>
<td>Empower and trust</td>
<td>We empower our people to take personal responsibility for delivering high-quality work to clients.</td>
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<tr>
<td>Play to win – think globally</td>
<td>We encourage our people to approach every client engagement with the right team drawn from the capabilities of the whole firm, and where needed the DTTL Network, to ensure the highest quality output.</td>
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<tr>
<td>Talk straight</td>
<td>Through a culture of talking openly and honestly, our people are encouraged to voice their ideas and challenge each other. Constructive, two-way communication is viewed as a way to achieve the right quality outcome for our teams and clients.</td>
</tr>
<tr>
<td>Aim to be famous</td>
<td>We encourage a proportion of our people to become market leaders by developing specialist skills, gaining recognition and building networks they can draw on to enhance quality and insight in their work.</td>
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<tr>
<td>Continuously grow and improve</td>
<td>Through an ongoing commitment to learning and development, we ensure our people have the necessary skills to deliver high-quality outcomes on a consistent basis.</td>
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<tr>
<td>Have fun and celebrate</td>
<td>We believe that when our people enjoy what they do and are recognised for their accomplishments, they are inspired to deliver to the highest standards.</td>
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**Question Results**

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<tr>
<td>Strongly Agree</td>
<td>68.3%</td>
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<td>Agree</td>
<td>29.3%</td>
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<td>Neutral</td>
<td>2.4%</td>
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<td>Total</td>
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7. Shaping the future of audits

“More than ever quality counts and that’s an absolute. In difficult economic circumstances, you also need to be committed to delivering insight that leverages deep industry knowledge and the wider business experience. That’s what we love doing, that’s why I am confident of great opportunities ahead for us in Cyprus.”

We are committed to delivering an exceptional audit experience, which is forward thinking, risk focused and insight-based, and which will deliver real value and audit quality to our clients. The Deloitte audit combines the right team selection with specific insights, cutting edge analytics, as appropriate, and a clear focus on stakeholder needs. We work globally to deliver locally, within a quality-led audit process which is bespoke for each client and underpinned by our strategic pillar of Audit Quality.

With EU regulation and corporate governance contributing to an anticipated increased rate of companies putting their audits out to tender and a growing focus on the importance of audit and of audit quality, Deloitte has a clear focus on increasing its market share in Cyprus.

What do investors want from the independent audit? How must the audit change in order to respond to these demands? How do we continuously enhance the value proposition of the auditing profession?

We have a vision of the auditor of the future and it stems from how we perceive the answers to the fundamental questions above. It is an auditor who sees the clients’ business objectively and provides arm’s-length perspectives, yet uses bespoke, innovative thinking to create new experiences and engage clients in challenging discussions that deliver valuable, actionable insights.

With this vision in mind, Deloitte is on a journey of continual improvement with two key goals: improving audit quality and enhancing the way our clients and our people experience the audit process. We continue to invest in our interlinked audit quality and audit differentiation programs, and to push the boundaries in terms of what is considered to be a first-class audit experience.

Deloitte is innovating to deliver a new audit experience to clients by focusing on how our services are designed and how we use data and digital technologies to increase our effectiveness and better communicate with clients. This includes:

• Bespoke thinking as a framework to improve our effectiveness and how we work with our clients
• Targeted coaching designed to bring out the best in our teams and increase professional scepticism
• Bringing the best of Deloitte to the audit through greater use of specialists, including Valuations, Tax, IT, Risk and other experts
• An Audit Quality team in the business that act as a catalyst for change in the field, proactively identifying issues and sharing and adopting leading practices
• Global Audit Imperatives to focus our teams on the real areas of high class audits
• Quality indicators as a way of measuring ourselves against our quality targets
• Understanding the power of data and developing and deploying data analytics and other sophisticated audit analytical tools to improve the efficiency and effectiveness of the audit in relevant circumstances
• Technology stands ready to transform the independent audit process
• Deploying the transformational Deloitte Audit Engagement Management System commencing towards the end of 2015/16 to enhance audit quality while allowing audits to be conducted more efficiently facilitates the development of insightful comments.

Maria Paschalis
Audit Partner,
Learning Leader & NPPD
8. Audit Quality Framework

Deloitte’s Audit Quality Framework (see Figure 1) incorporates the key elements of audit quality at Deloitte. It can be separated into three layers:

- Recognising what it means to be a regulated profession
- Executing high-quality audits day-in, day-out for our clients
- Improving through learning, measurement and continuous enhancement.

These layers are discussed in detail throughout this report. We also describe our ethics and independence practices and a range of other disclosure requirements as prescribed by Audits of Annual and Consolidated Financial Statements Law of 2009 and 2013.

Being a member of the world’s largest network provider of audit services offers global scale and support that enhances the depth of expertise and rigour underlying our systems of quality control for the benefit of our people and clients. Our unwavering commitment to audit quality is highlighted by our investment in:

- Programs to reinforce the importance of the right behaviours that improve our effectiveness, including the Global Audit Imperatives
- Utilising technology and tools to the maximum of our capabilities and infrastructure to enhance audit quality while allowing audits to be conducted more efficiently
- Developing our infrastructure to be equipped to deploy new technologies
- An Audit Quality initiative in the practice that acts as a quality champion.
- Metrics to measure the achievement of our quality objectives.

Development of Audit Quality Indicators

Determining measures of audit quality has been a challenge that the profession, regulators, academics, and others have been attempting to address. Following the global firm’s comprehensive effort to identify metrics, we undertook to implement a set of quality performance indicators (AQIs) — that we also absolutely believe are correlated to high audit quality and thus can further drive forward our quality goals. While no one metric alone can determine quality, in the aggregate, we believe the use of AQIs will further reinforce behaviors that support high audit quality. 2014 saw the commencement of our measurement and benchmarking process with these AQIs providing the leaders of our practice with data that enhances our ability to monitor our practice, and make appropriate adjustments on a real-time basis - the full set will be adopted in 2015.

Over the longer term, we believe this area holds significant promise. Ultimately, we believe these metrics will play a central role in helping us manage our practice and may evolve to the point that they provide client audit committees and other constituents with information on which to help judge the quality of our work.

These investments in quality are further enhanced by our aim to differentiate our audits. A key focus is on bespoke, innovative thinking as an enabler to enhancing the way audits are experienced and to improve our effectiveness. Our Audit Quality and Effectiveness sub-committee of partners involves Deloitte experts to enrich the conversations and bring the best of Deloitte to audit outcomes. Further, our recent investment in market-leading data analytics will allow us to apply more sophisticated and comprehensive audit techniques on selected engagements to dive deeper into risk assessment and audit testing where the right circumstances exist.

We encourage our clients to take an approach to corporate governance that places a high level of importance on financial reporting and the audit process. As described in Section 9, we draw on our breadth of knowledge across industry and best practice to deliver objective insights and perspectives, and have a point of view, to help inform decisions. Effective communication with directors, audit committees and management is a key part of our role.

9. Delivering quality audits

“Our vision is to lead the audit profession, promote and rebuild trust in the capital markets, and protect the public interest by delivering the highest-quality audits with the best professionals.”

Christis M. Christoforou
Chief Executive Officer

Statement on the effectiveness of the functioning of the internal quality control system
The systems of quality control that support our auditors are designed to provide reasonable assurance that:

(a) Assurance engagements comply with Deloitte policies and therefore relevant professional standards and applicable legal and regulatory requirements; and
(b) Reports issued are appropriate in the circumstances.

Our monitoring programs provide evidence of our compliance with the application of Deloitte policies and methodologies, as well as areas for improvement where consistent application is not achieved. Our most recent Practice Review Program was concluded in July 2014 and enables us to affirm that, overall, our systems of quality control are operating effectively.

Nevertheless, we guard against complacency and continually seek to improve all aspects of our business, always aiming to be the undisputed leader of the profession. Any matters identified through the various reviews we go through are actioned promptly and changes implemented as appropriate.

The quality management system we have adopted also meets fully the requirements of the standard CYS EN ISO 9001:2008 and this certification was awarded to our Firm following the successful external audit carried out by the Cyprus Certification Company during 2013 and was reaffirmed in 2014.

Introduction
As auditors of public interest entities, we are dedicated to serving investors, our clients and the public interest and to building confidence in the independent audit process. In doing so, we continue to demonstrate the open and straightforward nature that underpins our values at Deloitte, and our commitment not only to delivering quality, but also to cooperation and openness. This Transparency Report includes information about the governance processes, ethical principles and quality control procedures of Deloitte Cyprus and in particular of the audit practice of Deloitte Cyprus.
The quality of auditing in Cyprus has been confirmed by the regulators as being fundamentally sound. This report is a further demonstration of our commitment to audit quality and the culture of integrity, professional excellence, accountability and continuous improvement that characterises our firm in general.

Through this report you are invited to learn more about Deloitte’s commitment to quality and professional excellence within our Audit business stream. You will understand as you are reading our report that we are fully aware of the impact of the quality of our work on sustaining confidence in financial reporting and supporting the wider public interest.

Further, in setting our fee structures, we acknowledge the importance of our role and the need to demonstrate a high-quality and insightful service that is efficient, fair and competitively priced. Our audit approach and, in particular, our focus on early engagement on key audit issues, aims to ensure that the collection of sufficient audit evidence is not constrained by financial pressures. We will continue to be robust in our pricing structures to ensure that the quality of future audits is not impacted by downward fee pressures.

Overview of our system of Quality Control

Our quality and risk management framework is embedded in all parts of our business. The framework brings a rigorous approach across all of our service offerings in areas such as client and engagement acceptance, partner portfolios, engagement risk, and assessment of existing and new service offerings. Its primary purpose is to underpin our commitment to quality, integrity and ethical behaviour throughout our business, whilst establishing that the responsibility for quality sits with those who deliver service to our clients, individually and collectively.

The Economic Events in Cyprus - Impact on Audit

We have been proactive throughout the events that have occurred since March 2013 and the uncertainties prevalent within our markets. Deep recessions require even more emphasis on quality to deal with the increasing risks in a comprehensive and responsible way. We have worked, on a consistent basis, on many fronts to protect the quality of our services and support our people. We monitored and continuously reassessed the impact of many challenging events on our business and adapted responsively to each emerging reality. Deloitte’s commitment to excellence is demonstrated through this response to the current economic crisis.

We will continue to provide our people with extensive and timely information regarding the current economic climate and future developments and their implications. From early on, we recognised this as a global issue and our IFRS Centre of Excellence played, and will continue to do so, a leading role in developing any response. Our aim is to heighten the level of awareness within our people and clients, rather than change established procedures.

Audit process

Our audit process and methodology including our Global Audit Imperatives encourage and foster professional scepticism and a robust challenge, recognising these as valuable components of the audit process for our clients. Our current audit technology, AuditSystem2 (AS2) and tools provide a comprehensive framework for the planning, performance, documentation and review of our work in accordance with auditing standards and applicable professional, regulatory and legal obligations.

The Firm’s quality processes are designed to meet client expectations, our internal standards and external regulatory requirements. The Firm has implemented internal quality control processes which go beyond what is required by regulation and auditing standards. Quality control is a pillar of our practice.

Quality in audit - system of quality control

This “Delivering quality audits” section is organised into the following sub-sections that, when taken as a whole, provide a summary of the Firm’s audit quality control procedures in respect of the following areas:

1. Leadership responsibilities for the system of quality control
2. Client and engagement acceptance and continuance
3. Engagement performance, and
4. Monitoring

Our Ethical requirements and Human resources are discussed in Sections 11 and 12 of this Report.
9. Delivering quality audits

Quality in General

The following processes are in place not only because they are required by regulation, but also as they are the cornerstone of our business.

All our quality processes, allow us to deliver technical excellence, underpinned by objectivity and integrity, at all stages of the client engagement. To measure our performance against the high standards we set ourselves, our client service assessment process in compliance with our ISO9001 systems and Deloitte Policies undertakes independent and formal evaluations of the level of satisfaction of our clients. The latest results continue to show a very high level of satisfaction among our clients. These processes are key in our mitigation strategies.

Within the audit practice, our partners are focused to deliver the highest standards of quality and this is achieved by our internal quality control systems which include an Engagement Quality Control Review (EQCR) Process; that is a ‘hot’ review of the financial information and audit evidence collated before any audit or other opinion is issued; together with the Practice Review of a selection of completed engagements. For more details of these processes, please refer to pages 26 and 29 respectively.

1. Leadership responsibilities for the system of quality control

The Firm maintains policies and procedures to promote an internal culture based on the recognition that quality is our number one priority. The Firm focuses on professional excellence as the foundation for achieving outstanding audit quality on a consistent basis. Our culture is driven by the CEO and fully endorsed by all partners. While the Firm’s leadership and NPPD assume ultimate responsibility for the system of quality control, the director assigned with operational responsibility for the Firm’s quality control system has sufficient and appropriate experience and ability as well as the necessary authority to assume that operational responsibility. The Firm’s senior leadership pays careful attention to ensuring the correct delivery of the message within its “tone from the top” agenda.

Quality is built into the Firm’s business strategy and communicated as such on a regular basis by the leadership, nationally and globally. Quality has also been identified as a Priority Business Risk within the Firm’s Enterprise Risk Framework and, within the actions required to maintain and benefit from an effective framework, it is monitored and mitigating activities regularly reviewed, assessed, developed, and adapted to fit any emerging circumstances.

2. Client and engagement acceptance and continuance and risk assessments

The Firm has rigorous policies and procedures in place for accepting prospective clients and engagements and assessing engagement risk, regardless of the proposed services to be rendered.


Upon taking a decision to accept a client, a risk level will be assigned specific to that client and this will impact the way the client service is approached and executed.

These policies and procedures are designed to provide the Firm with reasonable assurance that it will only accept engagements where it:

- Is competent to perform the engagement and has the capabilities, including time and resources, to do so,
- Can comply with relevant ethical requirements, including independence and conflicts of interest assessments and considerations, and
- Has considered the integrity of the client, and does not have information that would lead it to conclude that the client lacks integrity.
Engagement risk classification associated with accepting an appointment to serve a client on a specific engagement is also assessed as Normal, Greater Than Normal or Much Greater Than Normal and is completed prior to the commencement of work. The engagement risk assessment process includes approval by the recommending partner and concurrence by at least one other Firm partner. In addition, the decision to accept appointment is approved by the Firm’s Audit Risk Leader if engagement risk is assessed as Greater Than Normal. Much Greater Than Normal risk assessed engagements require the approval of the Risk and Reputation Leader in addition to all the previous layers of approval.

Even if we accept a client and an engagement, our processes are carefully designed so that any proposed additional engagements for that client will be considered on their merits and there is no guarantee that such engagements will be accepted and each decision will be based on a myriad of factors.

On international engagements, engagement acceptance and continuance procedures are also performed in Cyprus. The Firm does not assume the acceptability of a client or engagement merely because it has been referred from another member firm.

In assessing acceptability of an engagement, we consider client and professional service risks, which generally include the following factors:

- Management characteristics and integrity
- Organisation and management structure
- Nature of the business
- Business environment
- Financial results
- Business relationships and related parties, and,
- Prior knowledge and experience.

The Firm’s engagement risk assessment procedures identify related risks and provide a basis for tailoring the audit approach in order to address client and engagement specific risks.

The engagement risk assessment begins during the engagement acceptance/continuation process and is an ongoing process that continues throughout the engagement.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client risk</td>
<td>• Management characteristics and integrity&lt;br&gt;• Organisational and management structure&lt;br&gt;• Nature of the business&lt;br&gt;• Business environment&lt;br&gt;• Financial results&lt;br&gt;• Business relationships and related parties&lt;br&gt;• Prior knowledge and experience of client</td>
</tr>
<tr>
<td>Service risk</td>
<td>• Nature of the engagement&lt;br&gt;• Team competence to handle the technical aspects of the specific engagement&lt;br&gt;• Availability of competent team</td>
</tr>
<tr>
<td>Engagement risk</td>
<td>• Specific engagement risk</td>
</tr>
<tr>
<td>Independence</td>
<td>• Financial and other relationships&lt;br&gt;• Non-audit services&lt;br&gt;• Other threats: self-interest, self-review, advocacy, familiarity or intimidation</td>
</tr>
</tbody>
</table>
Risk assessment tools and programs are encompassed in the audit approach and common documentation to facilitate a comprehensive risk assessment process within the planning phase of the audit once the engagement is accepted.

On an annual basis, engagements in process for more than one year are evaluated to determine if the Firm should continue the engagement. Also on an annual basis, the Firm takes client and engagement continuance decisions. Factors discussed above are revisited to ascertain whether the relationship should continue.

In addition, any time an entity undergoes a significant change (e.g., change in ownership or management, financial condition, or nature of entity’s business), continuation of the relationship is re-evaluated. Decisions of engagement continuance are concurred by one other partner at a minimum.

### 3. Engagement performance

The Firm assigns responsibility for each audit engagement to an audit engagement partner. The Firm’s policies define the responsibilities of the audit engagement partner and those responsibilities are communicated to that partner. The identity and role of that audit engagement partner is communicated to key individuals of the client’s management team and those charged with governance at the client.

The Firm also has policies and procedures in place so that partners and professional staff assigned to all audit engagements have the appropriate degree of proficiency for their role within the engagement team.

An engagement team ordinarily includes one or more of each of the following: audit engagement partner, audit director and/or manager, field senior, and staff. However, the engagement team will be developed based on the size, nature, and complexity of the entity’s operations. Every audit engagement team is under the direction and supervision of the audit engagement partner to whom responsibility for the conduct of all audit procedures on the engagement is assigned. The audit manager assigned to the engagement is responsible for providing primary supervision and direction to the professional staff in the execution of the audit plan and in the performance of the audit engagement. The field senior is responsible for the day-to-day supervision of the other members of the engagement team.

The audit engagement partner considers many factors to determine that the engagement team collectively has the appropriate capabilities, competencies, and time to perform the audit engagement.

**Considerations for engagement team selection, among others:**

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

### The Deloitte Audit Approach

Following the Deloitte Audit Approach for all our audits, ensures consistent quality throughout our practice. The Audit Approach includes requirements and guidance to assist in the planning and performance of audit engagements and is based on the International Standards on Auditing issued by the International Auditing and Assurance Standards Board of IFAC. The Firm has further supplemented these requirements and guidance to reflect local requirements, as applicable. The common documentation and the enabling software technology, AuditSystem/2, are tools that enhance the consistent implementation of the Deloitte Audit Approach and promote effectiveness and efficiency.

The following are the main elements of the Deloitte Audit Approach:

- **Partner-led approach**

  Engagement partners remain fully responsible for the services they provide and for understanding our clients’ businesses. Their involvement is required from the very outset of any client relationship and engagement, with partner-led planning key to our audit approach. All partners who act as engagement
partners for statutory audits are registered statutory auditors in accordance with the Law and local Institute requirements.

Within our audit practice, we have developed some specialist teams, led by partners with a great depth of experience and expertise. These groups collaborate in order to share their understanding of market developments, risk assessments and emerging trends. This is particularly important at times of significant change.

✓ Professional scepticism
We are continually addressing the challenges of demonstrating enhanced professional scepticism and innovation as part of our commitment to the continuous improvement in the quality of our audits. We achieve this through a combination of ongoing initiatives. We also focus on behaviour and culture, with emphasis on the potential for fraud, the sharing of knowledge and evidencing the level of challenge in our audit documentation. This is particularly important when auditing critical judgements during the audit, such as impairments which are inherently dependent on assumptions and judgements made by the directors. Our audit work and our reports to those charged with governance seek to challenge and report on the key assumptions and judgements, for example the discount or growth rates used, so that it is clear how we have exercised professional scepticism and reached our conclusions.

The key message remains for our audit professionals to challenge and look for what could be wrong, and then to document that challenge fully in the planning, performance and review of our audit.

✓ Understanding of the entity and its environment
An understanding of the entity and its environment, including its internal control, to assess the risks of material misstatement at the financial statement and assertion level whether caused by fraud or error is vital to performing an effective, high quality audit.

The Firm’s audit teams develop this understanding and assess financial statement risks in a number of ways, including analysing financial information to identify trends and unusual

“Audit quality is an integral part of every aspect of our work, not a bolt-on element; we continue to enhance our internal structures to facilitate bringing the best of Deloitte to our engagements.”
Alexis Agathocleous, Audit Risk Leader
balances; holding in-depth discussions with management and those charged with governance; considering the inherent nature of each financial statement component and the risks associated with that component; evaluating the reliability of internal control; assessing the extent to which technology is used in the financial reporting process; and, if applicable, reviewing internal audit findings.

As necessary, based on the nature of the entity’s information systems and the extent to which technology plays a role in the transaction processing and financial reporting processes, information technology specialists may be involved in the audit engagement.

Our partners and people are continuously building their understanding of our clients’ businesses, helping us to conduct our audits in a manner most beneficial to all stakeholders. We encourage our auditors to be at the heart of the organisation they are auditing armed with a deep knowledge of the entity, which enables them to consider the adequacy of the controls, processes and responses to business issues and risks with an appropriate level of professional scepticism. It is this depth of knowledge that enables them to deliver valuable insights as part of an independent audit.

**Deloitte Global Audit Imperatives**

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

**Testing the operating effectiveness of controls**

The engagement team obtains an understanding of the entity’s internal control in each audit engagement. For certain engagements, when determined to be the most effective audit

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“**We recognise that the nature of our clients’ businesses and the environment they operate in is increasingly subject to disruption and change. As such, we are focused on evolving our audit to meet the changing needs of the market and continue to build quality into its core – enabling a Deloitte audit to provide the level of challenge that our clients, our regulators and the market expect from us.**”

**Andreas Andreou, Insurance Industry Specialist**
approach or when included as a component of the financial statement audit procedures, engagement teams may also test the operating effectiveness of the entity’s internal control in preventing or detecting and correcting material misstatements irrespective of whether caused by fraud or error.

**Audit procedures**

Engagement teams develop the audit plan to address the risks associated with the entity, the audit engagement, and the financial statements as a whole and any susceptibility to fraud.

Throughout the audit, engagement teams continually assess risk and determined how audit findings bear on the planned audit procedures and whether a revision of the planned procedures is necessary. The Deloitte Audit Approach allows partners and professional staff to modify the audit procedures to address issues as they arise during the course of the audit.

**Use of Experts**

While the audit engagement partner retains responsibility for all aspects of the engagement, there are instances when the engagement team utilizes an expert. In such instances, the engagement team evaluates whether the expert has the necessary competence, capabilities, and objectivity.

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

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

**Engagement Documentation**

The Firm maintains policies and procedures to support the assembly, archiving and retention of audit files whereby the audit engagement team submits the audit files for archiving within the shorter of: (1) 60 days from the date of the audit report; or (2) the period set out in applicable professional standards and regulatory and legal requirements. Non-compliance with the archiving policy affects partner performance and our Firm’s Practice Review rating. The Firm’s policies and procedures address the retention of documents (in paper and electronic form) including those that address the confidentiality, safe custody, integrity, accessibility, and retrievability of archived documentation.

It is of the utmost importance to Deloitte to maintain client confidentiality. The Deloitte Policy Manual includes specific requirements in relation to client confidentiality, privacy, insider trading and information security. In the last quarter of 2014, audit professionals were required to complete training to remind them of their obligations under the Deloitte Policy Manual in relation to these matters. In addition, access to individual client AuditSystem/2 files is restricted to engagement team members.
9. Delivering quality audits

Information security
The importance of maintaining confidentiality around company and other relevant information is continually emphasised and our approach to encryption, ethical walls, clear desk policy, data leakage prevention and all aspects of security underpins this commitment. Our policies require all confidential information held on the Firm’s laptops to be encrypted, and our professionals are educated to take the utmost care with such information, whether verbally, in hard copy or electronic form. Reducing the volume of data which resides on the laptops of our professionals is a key area of focus. The Deloitte network undertakes annual security compliance visits to determine our compliance levels with the policies of the Firm and we undertake penetration testing of our IT systems.

Supervision
All Deloitte audits receive the appropriate level of supervision that aim to provide the firm with reasonable assurance that engagements are performed in accordance with professional standards and applicable legal and regulatory requirements, and that issued reports are appropriate in the circumstances.

Review procedures
Review procedures are a key to our risk mitigation strategies. Therefore, there are several built into our processes.

- **Review of working papers**
  A review of the audit documentation is required to be performed by a member of the engagement team who has more experience than the preparer. Elements of audit documentation may be reviewed by several team members in reaching the audit conclusion.

- **Strategically focussed Engagement Quality Control Reviews**
  An Engagement Quality Control Review (EQCR) is performed for all audit services, with limited exceptions. The review is performed by a partner or a member of the management team who is not directly involved in the engagement and who has the appropriate experience and knowledge about applicable accounting and auditing standards and regulations.

The Engagement Quality Control Reviewer is not part of the engagement team and is not portrayed in fact or appearance as a member of the engagement team. Appropriate experience and knowledge includes experience and knowledge of the entity’s industry, economic environment, and accounting principles. For all public interest entities and all high risk engagements, the review is performed by a partner with sufficient and appropriate experience and professional qualifications to act as an engagement partner on these types of audits.

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

- **Special Review Partners**
  For engagements that have been identified as having Much Greater Than Normal client or engagement risk, a special review partner is assigned to provide an additional level of competence and objectivity in planning and performing the engagement. The Special Review Partner is independent of the engagement. Normally this partner possesses specialised industry and technical skills applicable to the engagement and, in certain situations, is independent of the practice unit to enhance objectivity or to provide specialised resources.

**Consultation Network & Differences of Opinions**
A consultative culture is integral to a quality audit and is embedded firmly at Deloitte. While each partner is empowered to make appropriate decisions for their engagements, we strive to maintain a strong consultative culture wherein our partners consult frequently and early with peers, subject matter experts and technical specialists from across the Firm and internationally within the Deloitte network.
# Deloitte’s review policies and procedures for audit engagements

<table>
<thead>
<tr>
<th>Type of review</th>
<th>Required on</th>
<th>Performed by</th>
<th>Review objective</th>
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<tbody>
<tr>
<td><strong>Working papers review</strong></td>
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<tr>
<td>Detailed review</td>
<td>All engagements</td>
<td>A more experienced member of the</td>
<td>To consider whether:</td>
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<tr>
<td></td>
<td></td>
<td>engagement team</td>
<td>• The work has been completed appropriately</td>
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<td></td>
<td></td>
<td></td>
<td>• Any significant matters have been raised for further consideration</td>
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<td></td>
<td></td>
<td></td>
<td>• Appropriate consultations have taken place and the resulting conclusions documented</td>
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<td></td>
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<td></td>
<td>• There is a need to revise the nature, timing and extent of planned audit procedures</td>
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<td></td>
<td>• The evidence is sufficient to support our report</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• The objectives of the engagement procedures have been met</td>
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<tr>
<td>Primary review</td>
<td>All engagements</td>
<td>Manager, Director or Partner</td>
<td></td>
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<tr>
<td>Overriding review</td>
<td>All engagements</td>
<td>Partner</td>
<td></td>
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<tr>
<td><strong>Engagement Quality Control Reviews</strong></td>
<td></td>
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<tr>
<td>Engagement Quality Control Reviews</td>
<td>Listed and high risk other entities</td>
<td>Partner</td>
<td>To consider whether:</td>
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<td></td>
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<td>• The conclusions reached on significant judgements made by the engagement team are appropriate</td>
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<td>• The audit documentation selected for review in relation to the significant judgements supports the conclusions reached</td>
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<td></td>
<td></td>
<td></td>
<td>• Appropriate consultations have taken place and the resulting conclusions documented</td>
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<td></td>
<td></td>
<td></td>
<td>• The engagement team has made an appropriate evaluation of independence</td>
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<td></td>
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<td></td>
<td>• The report is appropriate after reviewing the financial statements</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Appropriate matters have been considered for reporting to those charged with governance</td>
</tr>
<tr>
<td>Engagement Quality Control Reviews</td>
<td>Other entities</td>
<td>Manager, Director or Partner</td>
<td></td>
</tr>
<tr>
<td><strong>Specialist reviews</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Standards Review</td>
<td>Selection of engagements</td>
<td>Manager or Director</td>
<td>To confirm that all required quality control procedures have been completed.</td>
</tr>
<tr>
<td>Special review</td>
<td>Much greater than normal risk entities</td>
<td>Partner</td>
<td>To challenge the key elements of the engagement and monitor performance in accordance with the Firm’s policy.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>To consider the appropriateness of the type of the audit opinion to be issued and the wording of any modification or emphasis of matter.</td>
</tr>
</tbody>
</table>
This approach enhances our capacity to answer complex questions. We encourage our engagement teams to consult whenever they need additional information, perspectives or specialised knowledge on accounting, auditing, legal, regulatory, compliance, ethical or other issues.

Our consultation policy is designed to provide reasonable assurance that agreement is reached between the partner or staff member seeking consultation and the partner or staff member consulted, and that conclusions of the consultation are documented, understood and implemented.

Audit partners and staff are supported by the National Professional Practice Director (NPPD), by the Risk and Reputation Leader (RRL) and by the Audit Risk Leader (ARL). Their approach is responsive and consultative.

The NPPD is responsible for:

• Engagement support
• Audit consultation process
• Learning and guidance
• Accounting and auditing expertise
• External contribution
• Consultation with Deloitte’s Global Centres of Excellence.

To facilitate the technical consultation process, the Firm has an International Financial Reporting and Auditing consultation structure. Our National Professional Practice Director with specialised technical skills and experience is supported by subject matter resources in various areas, for example, such as regulatory filing requirements; technical auditing requirements; and complex accounting matters, etc. Records of consultations undertaken are retained and technology is assisting with this process.

The Firm, further, maintains policies and procedures for the resolution, via escalation, of differences of opinion among partners and others who are assigned to the engagement team, including those who are in a consultative capacity.

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

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

Partner rotation
We apply audit partner rotation policies such that audit engagement partners involved in audits of our listed public interest clients serve in these roles only for a period of seven years.

The assigned EQCR partner is also subject to the same rotational requirements.

In summary
These resources, with our partner-led audit approach to our performance on our engagements, facilitate ensure that our partners and people have sufficient time and resources to deal with difficult issues as they arise and that high quality, technical expertise is available when audit teams require it or encounter unfamiliar situations.

“A key element of our professional approach is the way we consult and work together to constructively and appropriately resolve complex issues.”
Andreas Georgiou, IFRS Technical Leader
4. Monitoring

We continue to refine our monitoring programs to increase our agility.

This section focuses on the inspection processes that are specifically designed to uncover deficiencies in audit processes and procedures and to promote the delivery of high-quality audits. Our audit practice is subject to two primary types of inspections:

• The Deloitte Practice Review of public and non-public interest engagements as well as the practices, policies and procedures related to audit quality and performance which we use to monitor and enhance audit quality.

• External inspections of our public and non-public Interest entities’ audits conducted by the local regulator and the Cyprus Public Oversight Body

Based on results from Deloitte and external inspections as well as other factors, we undertake remediation and continuous improvement activities.

Quality Assurance Review (Practice Review)
The monitoring of quality is a fundamental part of the Firm’s ability to be agile and adaptable in the face of a changing and competitive environment whilst protecting our brand and the public interest against audit failures. It reinforces the Firm’s demand that quality is the cornerstone of a successful business strategy for our audit function.

Our systems of quality control are designed to support the delivery of high-quality audits and comply with the requirements of ISQC1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Engagements.

In accordance with DTTL policies and as a key monitoring and risk mitigation mechanism, the audit practice of the Firm is subject to a quality assurance review, or “Practice Review” as it is commonly referred to, of its audit practice and this review encompasses both quality control processes and a selection of audit engagements. In fact, all of the Firm’s service lines are subject to this quality process.

Compliance with this policy is achieved, for the audit practice, by a Practice Review covering the entire audit practice office over a three-year cycle. In Cyprus, the audit practice office has three locations; in Nicosia, in Limassol and in Larnaca.

The rolling Audit Practice Review program is designed to take place in one to two offices each year. Every practice office is subject to a Practice Review at intervals not exceeding three years. Normally, the performance of every audit partner is assessed during the cycle, and at least one engagement for each partner is selected to achieve this goal. Consideration is also given to assessing the performance of managers and directors particularly those who are candidates for partnership.

A three-year cycle of reviews was completed in the summer of 2014.

The Firm is responsible for the Practice Review. DTTL provides guidance and oversight regarding the Practice Review plans and procedures. The general coordination and administration of the Practice Review program is the responsibility of the Firm’s NPPD, in conjunction with the regional Practice Review director.

The Practice Review plan, process, and results are reviewed and concurred by a partner from another member firm (the “concurring partner”) every year. The assignment of the Concurring partner is undertaken by the Global firm. Working closely with the Firm’s Practice Review director and the Regional Practice Review director, the concurring partner oversees the planning and performance of the Practice Review.
9. Delivering quality audits

**Audit Practice Review**

| | • The program is led by the Firm’s Practice Review Director |
| | • The Practice Review plan, process and results are reviewed and concurred on by a partner from another DTTL Network firm |
| | • Every audit partner is reviewed at least once every three years. In addition, partner candidates are reviewed prior to promotion to partner. Engagement files of 29% of our Assurance Practice partners were subject to review in fiscal year 2014 (35.5% in fiscal 2013) |
| | • Engagements selections are risk-based and all major industries served by the Firm or practice office are considered |
| | • Reviewers are chosen from international pools or from other practice offices or Clusters within the Firm. Reviewers are assigned based on skill level, industry knowledge and experience |
| | • The Firm communicates any deficiencies that were noted and recommendations for remedial action to the relevant partner and staff |
| | • Partners receiving ratings below a certain level have additional engagements selected for review and are automatically reviewed the following year |
| | • Findings are incorporated into partner performance assessments and poor performing partners may be sanctioned depending on the severity of the findings |
| | • A mid-year assessment is undertaken to monitor the impact of the prior year’s action plan on addressing Practice Review findings, so that adjustments can be made where actions taken to date have not resulted in clear improvement to engagements and/or our system of quality control |
| | • A causal factor analysis is performed to identify the root cause of the Practice Review findings and these insights help shape responses included in our Audit Quality Plan. |

### Types of Engagements Reviewed

The engagements selected for review include national engagements and inbound/outbound transnational engagements (audits of financial statements that are or may be used across national borders), with focus directed towards public interest entities, as well as a number of high risk audit engagements.

Some sensitive and complex engagements (e.g. first-year engagements, situations where there is a change in control or deteriorating financial condition) are also selected. All major industries served by the Firm or practice office are considered.

### Scope of Practice Reviews

Reviewers are chosen from regional or international pools or from other practice offices within our Firm. The assignment of reviewers is based on the individual’s professional skill set, industry knowledge, and experience on transnational engagements and the assignment is approved by the concurring partner.

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

"Upfront planning to source the appropriate team from member firms, locally and from other locations around the world with the relevant portion of Greek speakers, results in higher audit quality."

**Katerina Antoniou, Assistant Practice Review Director**
Each engagement reviewed is classified as either “compliant”, “compliant with improvements required” or “non-compliant”.

The overall risk management and quality control policies and procedures within our Firm are within the Practice Review scope and include all the areas that relate to compliance with ISQC1, namely:

- Leadership
- Independence
- Ethics
- Reputation & risk
- Human resources
- Engagement performance
- Monitoring

Where engagements are classified as “compliant with improvements required”, “non-compliant”, or when there are repeat findings on “compliant” engagements root cause and deep dive analyses are performed to determine corrective action plans. As a further initiative, mid-year assessments of the implementation of corrective actions takes place via the inspection of a selection of engagements focusing on key findings from the Practice Review and whether they have recurred to evaluate whether actions taken to address findings from the Practice Review have been successfully implemented.

Results of Practice Reviews

Recent inspection findings reinforce our continuous improvement efforts.

The findings and recommendations resulting from the Practice Reviews are presented in a Practice Review report and management letter to the Firm’s CEO. The purpose of the management letter is to provide suggestions for improvement in response to findings noted. The Firm addresses findings in the Practice Review report by drawing up a detailed action plan setting out the action to be taken, the person(s) responsible, and the timing to implement the recommendations contained in the Practice Review management letter, where applicable. In our drive for continuous improvement, these recommendations are implemented and properly managed.

The Firm, on annual basis, communicates the results of the Practice Review and on-going consideration and evaluation of its system of quality control to its partners and other appropriate individuals within the Firm. When responding to a finding from the Practice Review or any regulatory inspections,
we seek to understand the root cause of the finding so we can develop a response that is most likely to reduce the occurrence of the finding in the future.

We take all observations very seriously; no matter how small they may seem. We respond vigorously to opportunities to enhance the quality of our audits. We are continually monitoring the systems and processes of our audit practice, with the assistance of our global partners, and the evolving economic environment and new auditing standards to allow us to make timely changes to our methodologies, policies and procedures.

The 2014 Practice Reviews covered our Audit and ERS practices, Information Security and Quality Assurance processes. Of the seven audit & ERS engagements reviewed in July, all were found to be “compliant”. Information security was found to be Grade A and no findings were identified in our Quality Assurance Processes.

For all reviews, the Firm once again has been highly praised for its systems of Quality Control and high levels of compliance with Deloitte’s Policies and Regulations.

These results reaffirm that we are managing our practice with audit quality as our number one priority, using consistent, globally driven policies.

Portfolio Risk Reviews
The RRL and the ARL annually conduct a full review of all the partners’ audit portfolios in relation to risk, independence and availability of resources to fulfil the engagement at levels of high quality.

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

External monitoring - ICPAC Reviews
Deloitte Cyprus is a registered firm with the local Institute of Certified Public Accountants of Cyprus (ICPAC) licensed to undertake statutory audit work. ICPAC conducts its own regulatory reviews by performing Audit Monitoring Visits at least once every 3 years, if the firm is fully complying with all Rules and Regulations of the Institute, and more often if deficiencies are evident. Deloitte was last inspected in 2012 and the review was successfully concluded with minimal deficiencies noted. Therefore, the next review is expected to be undertaken by ICPAC later in 2015. We welcome this opportunity to once again publicly reaffirm our commitment to quality. These reviews take place also within the realm of the Cyprus Accounting Oversight Body and have the purpose of monitoring the Firm’s compliance with ISQC1 and International Standards on Auditing in the conduct of audit work.

Resulting from its first review some years ago, the Firm received a successful outcome for both areas and became “Quality Checked”. The Firm received the same “generally compliant” results in its 2012 inspection. During this inspection, the Firm was also noted as being aware of its Anti-Money Laundering obligations and compliant with the Institute’s practising members’ requirements.

These results bear testimony to our unwavering commitment to quality in excess of the regulatory requirements.

Complaints
The Firm’s policies and procedures are designed to provide it with reasonable assurance that it deals appropriately with complaints and allegations that the work performed by the Firm failed to comply with professional standards, and regulatory and legal requirements, and allegations of noncompliance with the Firm’s system of quality control. Under this policy any partner or member of staff who observes non-compliance has a duty to report it under a “no retaliation” promise. Furthermore, third parties or clients are also encouraged to report any such instances.

The CEO conducts an annual client satisfaction survey from which any complaints or feedback are thoroughly investigated and action plans developed as appropriate. To date, these surveys have produced valuable insights into how a Deloitte Audit is experienced but have not identified key client dissatisfaction.
10. Leadership and Governance

Our firm is a leading provider of services in Cyprus to a very high calibre clientele. The relentless pursuit of the highest quality and integrity in our professional work allows us to deliver excellence to our clients.

Leadership and Governance

We do not take for granted the trust placed in Deloitte by clients, investors, regulators, and the wider business community, and sustaining this trust rests with every individual - at every level - within our Firm and not just the Executive. We recognise that embedding the values of integrity, objectivity and accountability, respect and commitment to each other, fairness and outstanding value, and strength from diversity within our organisation to sustain that trust starts with the tone at the top and the strength and vision of our leaders.

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

Our leadership is shaped to meet continuing market challenges and to prioritise our continued investment in quality and in our people. We have a structure for the leadership and management of the Firm which includes governance structures to provide oversight of activities of the management team.

Deloitte’s Cyprus most senior leadership is the Executive Committee, consisting of respected and senior partners representing all service lines and our main office locations. Our focus on quality encompasses the values of all our people. We believe our leadership team, the tone-from-the-top they portray and the example they set are second to none. Their daily routines and their long term actions are all framed within the core value of integrity based on a deeply ethical philosophy: “to do the right thing even when no one is watching”. Integrity is a core value for all our people and the leadership team.

Rolling out this priority is considered extremely high on the Executive’s agenda.

During 2014, the Executive established a sub committee to review Audit Quality and Effectiveness. The committee consists of seven partners and has met four times since its inception in the summer. As a result of this initiative, the audit leaders, risk leader, NPPD and partners are now meeting on a regular basis to discuss “hot” topics and quality issues.

Further, during the year, the sub-committee of the Executive that considers partner performance, evaluation and remuneration met on several occasions to emphasise the shared values and promote the attainment of our top priorities within the partner succession planning, performance management and earnings allocation processes.

Enterprise Risks

The Firm’s Executive’s assessment of the potential risks to the achievement of the Firm’s strategy and to maintaining its reputation is set out in an Enterprise Risk Framework (ERiF). The Executive updated its original ERiF devised in May 2013 in September 2013 and performed a refresh in May 2014 followed by a half year update in October 2014. The Firm’s Risk and Reputation leader reported the results in the May 2014 meeting of the Executive. Forming a standing item on the Executive’s agenda, the ERiF’s purpose is in the identification of the most pressing risks faced - Priority Business Risks - and to allocate a rating for each one of residual risk exposure, trending, speed of onset and the status of further actions, if any, desired to align the remaining risk exposure to the risk appetite of the Firm.

In line with the Firm’s approach to the FY15 planning process, the Executive will undertake a refresh of the ERiF in the near future to:

• Identify new enterprise risks,
• Remove from the ERiF, if appropriate, any of the existing risks which are no longer considered significant,
• Consider movements of the categorisation of enterprise risks as "Priority" or "Other".
10. Leadership and Governance

- Validate or update risk definitions,
- Consider any changes to risk owners, and
- Assess the status of mitigation plans

Organisational structure
The principal activities of Deloitte are the provision of Audit, Tax & Legal, Consulting, Financial Advisory and Integrated Services in Cyprus. Deloitte’s professional services are provided to local as well as international entities (registered, predominantly, in Cyprus), individuals and businesses.

Deloitte operates an integrated business model: each of the five service lines operates a common set of procedures and policies where possible and appropriate. Each of the service lines then develops additional policies and guidance to reflect the specific requirements of their business offerings. For the purposes of Transparency Reporting, this report contains information about Deloitte which is relevant to all of the service lines, as well as specific matters relevant to our audit business.

Member firm structure

Chief Executive Officer
Christis M. Christoforou, serving as CEO of the Executive Committee and Board of Directors, has full executive authority with the Executive Committee for the management of Deloitte Cyprus. The CEO is nominated by the Board of Directors and elected by them for a five year term of office. He can be re-elected further at the end of each term.

Christis M. Christoforou is now serving his third term which began on 1st January 2014.

The responsibilities of the CEO fall under five principal headings:
- the business of Deloitte, including the development and management of professional services at the highest level of quality and compliance with all regulations;
- the development of policies and strategic direction;
- financial performance;
- partners, including our talent goals; and
- internationally representing the Cyprus firm in its association with Deloitte Touche Tohmatsu Limited.

The CEO communicates regularly with the Board of Directors and with all of our people, in person and by regular email alerts.

Executive Committee
Deloitte’s activities are managed by the Chief Executive Officer (CEO) and the Executive Committee. The members of the Executive are appointed by the Board of Directors. In keeping with our client service focus, members of the Executive Committee are also actively engaged with our clients and fairly represent the main service lines and office locations together with risk management input.

The members of the Executive Committee (see Appendix 3: pages 56 & 57) for the year under review were:

Christis M. Christoforou, CEO
Eleftherios N. Philippou, Audit and Insolvency & RRL, Ethics & AML Compliance Officer
Nicos S. Kyriakides, Audit & FAS, FAS Leader Partner-in-charge Limassol
Nicos D. Papakyriacou, Audit & Partner-in-charge Nicosia
Costas Georgiadis, Audit & Audit Leader
Pieris Markou, Tax & Legal, Tax Leader

The Executive Committee meets frequently and not less than once a month to discuss operational and other issues and business matters.

Oversight Board
The first Oversight Board was elected and appointed in April 2013 and contained three members.

Deloitte’s Oversight Board (OB) which is separate of the Executive Committee, has the responsibility for overseeing the activities of the Executive Committee to ensure that it operates with full transparency and diligence aligned with Governance Best Practice. The board targets quarterly meetings and will also deal with matters on an ad-hoc basis as required. During 2014, the OB met on four occasions. The OB’s primary concern is the wellbeing of the Firm and the interests of its partners as a whole. Therefore, it will give guidance on all matters it considers necessary including regulatory and fiscal issues and policy formation.

The members of the first OB (see Appendix 3: page 58) comprise of the following partners:
Athos Chrysanthou, Audit & Security
Maria Paschalidis, Audit, National Practice Protection Director (NPDD) & Audit Learning Leader
Antonis Taliotis, Tax & Legal & Tax Risk Leader
Appointment and re-election

These members will put themselves forward for annual re-election when they have served more than 9 years on the OB and should any member of the OB be appointed to the Executive Committee then their position on the OB will be relinquished at the next meeting of the body of partners. Any partner of the Firm can put himself forward for election to the OB when a vacancy arises.

Any member of the OB can resign from the role by giving notice of such intention one partners meeting prior to the partners meeting where the resignation becomes effective. Alongside, the resignation notice should be a statement by that member of the OB, that his/her resignation is not connected to any unresolved matters or disagreements within the OB or between the OB and the Executive.

There have been no changes in the composition of the OB since its inception.

The main duties of the Oversight Board are to:

• constructively challenge and help in developing proposals on strategy;
• oversee business conduct;
• scrutinise management’s performance in meeting agreed goals and objectives and the monitoring of performance reports;
• satisfy themselves on the integrity of financial information and that controls and risk management systems are robust and defensible;
• diligently review minutes of Executive Committee and spend the appropriate time to follow up on any issues warranting further explanation either with the whole Executive or by meeting with the CEO;
• be able to allocate sufficient time to perform their responsibilities effectively;
• be able to receive concerns from other partners and instigate the appropriate course of action
• maintain “independence of mind”; and,
• be accountable to the main body of partners and retain minutes of all meetings to be made available to those partners for review, if requested.

The skillset of characteristics of a member of the OB are as a minimum:

• A holistic understanding of risk management;
• An appreciation of the purpose, importance and application of internal controls;
• Keeping abreast of regulatory changes affecting the Firm;
• The ability to evaluate transactions and events from a business perspective;
• An interest and skill level to interpret internal management reporting and the external financial statements; and
• The social skills to be able to interact with the various groups; the Executive, the Board, the external auditors and other key interest groups within the Firm.

Board of Directors

The Board of Directors consists of 28 Partners as at 31 December 2014. The entire Board of Directors meets bi-monthly with sub meetings held for each major office location monthly.

The Board of Directors (see Appendix 3: pages 59 - 63) during the year under review comprised of the following partners:

Christis M. Christoforou, CEO
Eleftherios N. Philippou, Audit, RRL, Insolvency Ethics & Anti-Money Laundering
Nicos S. Kyriakides, Partner-in-charge of Limassol office, Audit & FAS
Nicos D. Papakriacou, Partner-in-charge of Nicosia office, Audit
Athos Chrysanthou, Audit & Security
Costas Georghadjis, Audit
Antonis Taliotis, Tax & Legal
Panos Papadopoulos, Audit & Integrated Services, Director of Independence
Pieris Markou, Tax & Legal
Nicos Charalambous, Audit
Nicos Spanoudis, Partner-in-charge of Larnaca Office, Audit
Maria Paschalis, Audit, Audit Learning Leader & National Professional Practice Director (NPDP)
Alexis Agathocleous, Audit
Alkis Christodoulides, Audit & Insolvency
Christakis Ioannou, Audit
Yiannos Ioannou, Audit (retired from the partnership on 31 December 2014)
10. Leadership and Governance

George Martides, FAS
Kerry Whyte, Audit
Christos Papamarkides, VAT
Panicos Papamichael, ERS
Andreas Andreou, Audit
Andreas Georgiou, Audit
Demetris Papapericleous, Audit & Insolvency
Christos Neocleous, Integrated Services
Alecos Papalexandrou, Tax & Legal
George Pantelides, Human Capital Services & HR
Panayiota Vayianou, Tax & Legal
Agis Agathocleous, Tax & Legal

Appointed Leaders

Functional Leaders
The following partners have been appointed as Business Stream Leaders of Deloitte Cyprus:

Costas Georghadjis, Audit
Nicos Kyriakides, FAS
Pieris Markou, Tax & Legal
Panos Papadopoulos, Integrated Services
Panicos Papamichael, ERS
George Pantelides, Consulting

Functional Risk Leaders
The following partners and directors have been appointed as Business Stream Risk Leaders:

Alexis Agathocleous, Audit & ERS
George Martides, FAS
Antonis Taliotis, Tax & Legal
Christos Neocleous, Integrated Services
Christakis Themistocli, Consulting

Subject Matter Experts and other Leaders
The following people have been appointed as Subject Matters experts:

Nicos Charalambous, Clients & Markets, Financial services
Alexis Agathocleous, Financial services
Nicos Papakyriacou, Oil & Gas
Eleftherios N. Philippou, Risk & Reputation Leader, Ethics & Compliance Officer, Anti-Money Laundering Officer, Facilitator for Cross Border Engagements
George Pantelides, Human Resources & Learning
Maria Paschalis, Audit Learning & Quality, NPPD
Andreas Georgiou, IFRS Technical
Kerry Whyte, ISA & Deloitte Audit Technical, International business
Demetris Papapericleous, ISA & Deloitte Audit Technical
Panos Papadopoulos, Director of Independence
Costas Georghadjis, Shipping, Engagement Quality Control Review (EQCR)
Athos Chrysanthou, Security
Andreas Andreou, IFRS Technical, Insurance, Claims & Events
Katerina Antoniou, Quality Control, Data Protection Act, Regulatory & Compliance, Confidentiality
Christakis Themistocli, Technology
Christos Tavelis, Finance
Lakis Koutsokoumnis, Marketing & Communications
Christos Papamarkides, Indirect Taxation
Pieris Markou, Direct Taxation

External Auditors
Moore Stephens, Stylianou & Co were reappointed as auditors for the year 2014. As in previous years, the Executive Committee undertook a review of the 2013 audit, during which no matters arose, and it concluded that it was satisfied with the performance of Moore Stephens Stylianou & Co and proposed to the Board that they be reappointed. The review of the 2014 audit will take place in the second quarter of 2015.
11. Ethics and Objectivity

Ethics, independence and compliance matter at Deloitte. Our professionals are expected to act with integrity in accordance with high ethical standards. We help them fulfil this expectation through a variety of communications and training courses promoting ethical behaviour. Channels for discussing issues regarding ethics and compliance are well established and known.

**Ethics**

We continue to balance carefully the spirit of the principled approach outlined Deloitte Code of Ethics and Professional Conduct with the increasing levels of rule-based regulation.

We take these requirements seriously and adopt an approach that wholeheartedly embraces the spirit as well as the letter of regulation. We are confident that they are demonstrated through the tone set by the leaders of our practice and the behaviour and actions of our more than 530 people.

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

**Building “ethical muscle”**

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

The Firm has developed a comprehensive Ethics Awareness program which it executes on a rolling basis to ensure that ethics are never far from the minds of all our professionals including giving. This program includes giving staff a business card sized ethics cue for them to carry around as a constant reminder.

**Code of Ethics**

The Firm maintains policies and procedures that are designed to provide reasonable assurance that the Firm and its partners, professional staff, and administrative staff comply with relevant ethical requirements.

The ethical requirements for audit services are compiled in the Code of Ethics & Professional Conduct and include Parts A and B of the International Federation of Accountants (“IFAC”) Code of Ethics (the “IFAC Code”) and fully comply with the Institute of Certified Public Accountants of Cyprus (ICPAC) Code of Ethics.

When national requirements are more restrictive than the IFAC Code, the Firm follows the applicable national requirements.

The Firm has formally appointed an Ethics Officer who is an experienced partner with direct access to the CEO and is a member of the firm’s governing body, the Executive Committee.

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

**Eleftherios N. Philippou**, Ethics Officer  
**George Pantelides**, HR Partner  
**Panos Papadopoulos**, Director of Independence
11. Ethics and Objectivity

Furthermore, the Firm has adopted the Deloitte Code and applied it to reflect local circumstance. The Code, available to employees in many forms including online, specifies expectations for all personnel regarding ethics and compliance standards, and it explains each individual’s responsibilities to the public, clients and colleagues. This Code is hard to miss around all office locations as the principles have been concentrated in a poster which hangs in all open plan working spaces, partners’ offices, common areas and in all meeting and training facilities. The Firm reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems. These programs are designed to help our people understand expectations for ethical behaviour, develop skills for ethical decision-making, and gain the confidence to speak up about challenging ethical situations.

Whistle-blowing

We provide a whistle-blowing facility for all of our people. This policy is fundamental to our professional integrity and reinforces the value that we place on our people being honest and respected members of their individual professions. The policy has the following fundamental elements:

• Protection - all of our people are protected from victimisation, harassment or disciplinary action as a result of any disclosure made in good faith and not maliciously or for personal gain,
• Anonymity - our people make disclosures internally and their identity is protected at all stages in any internal matter,  
• Encouragement - the firm encourages those who suspect wrongdoing to report it.

Learning

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

Anti-bribery and anti-corruption

Our firm has strict and clear policy guidelines which take a firm stance against bribery and corruption in all its forms.

Our personnel are not permitted to accept, offer, induce or solicit such payments. Training to emphasise this is provided within the New Hire Ethical day for all new personnel and, subsequently, revisited on a regular basis.

Deloitte Code

This sets out our ethical framework and codifies our ethical principles

• honesty and integrity - we act with honesty and integrity;
• professional behaviour - we operate within the letter and the spirit of applicable laws;
• competence - we bring appropriate skills and capabilities to every client assignment;
• objectivity - we are objective in forming our professional opinions and the advice we give;
• confidentiality - we respect the confidentiality of information;
• fair business practice - we are committed to fair business practices;
• responsibility to society - we recognise and respect the impact we have on the world around us;
• respect and fair treatment - we treat all our colleagues with respect, courtesy and fairness; and
• accountability and decision making - we lead by example using our shared values as our foundation

We see ‘doing the right thing’ as being a principle that is fundamental not just to the public interest, but also to the reputation of our firm, partners and people.
Committed to Ensuring Impartiality
Independence and quality are the foundations upon which Deloitte is built. They are essential to our integrity, our impartiality, our obligation to serve the investing public, and our firms’ ability to retain and attract clients.

Standards for independence are shaped by legislation, regulations, professional guidance, and public expectations. Maintaining independence, therefore, is both a matter of compliance with rules and regulations and a matter of appearance.

Protecting the public interest
Our well-established policies and procedures help ensure our Firm acts in the interests of both the public and its clients, as well as protect Deloitte’s brand and reputation. Our independence policies and procedures are designed to allow us to comply with international and local independence standards, laws and regulations and achieve excellence in professional performance.

Independence and Conflicts of Interest
The Board of Directors has adopted robust independence policies and processes to help its teams and people, safeguard their objectivity. The Board requires all of its’ people to follow independence policies and procedures, which address potential conflicts, within or among member firms, arising from the proposed acceptance of client engagements or proposed business or financial relationships.

We have invested in best-in-class systems to enable us to maintain our independence and avoid conflicts of interest in client assignments. Our Firm has a Compliance Director, an Independence Director and an Ethics Partner, as well as a team of professionals to support our people with their compliance obligations. The Compliance, Independence and Ethics Leaders work directly with the CEO and the Executive Committee, to set strategy and priorities and have operational responsibility for our independence, ethics and compliance programme.

The Firm has policies and procedures that are designed to provide reasonable assurance that it complies with applicable independence standards. These policies and procedures are based on those issued by IFAC and are enhanced, as appropriate, to reflect local and Deloitte Global standards that may be more restrictive.

The Firm’s system of quality controls related to independence includes the following:
1. Independence policies and procedures
2. Compliance business process tools, including the Deloitte Entity Search and Compliance system, the Global Independence Monitoring System and Confirmations
3. Business relationship assessments and monitoring

At every level, the people of Deloitte Limited are expected to be honest, trustworthy, candid, and straightforward in both personal and business dealings, in accordance with both the letter and the spirit of all applicable laws and regulations. Our people are encouraged to exceed the expectations of clients, the wider community - and each other - by seeking to do not only what is legal, but also what is right.
11. Ethics and Objectivity

4. Independence learning
5. Consultation
6. Monitoring of independence systems and controls relating to personal independence, and engagement and practice reviews
7. Disciplinary measures and actions
8. Assignment of responsibility for independence systems and controls
9. “Tone-at-the-top” culture relating to independence

1. Independence Policies and Procedures
The Firm’s independence policies and procedures cover the Firm, and the Firm’s partners, professional, and support staff, and certain relatives thereof, where applicable. These policies and procedures are, in some instances, more restrictive than the independence standards in the Code of Ethics and Professional Conduct issued by IFAC and contain specific independence requirements that are applicable when the Firm is to maintain independence with respect to an audit client (“restricted entity”) and the client’s affiliates.

Our engagement acceptance policies for non-audit services require that the partner, principal, or director for each potential engagement undertake a process that determines whether independence must be maintained with respect to the client, even if the client is not an attest client.

Because of limitations on the permissible scope of services for attest clients and their affiliates, independence is considered as part of the engagement acceptance process. If independence from the client is required, then the engagement partner, principal, or director must verify, prior to beginning the engagement, that the services to be provided are permissible and have been preapproved by the lead client service partner and, where necessary, the audit committee or its equivalent.

Policies require that the Firm, and its partners and professional staff, determine, among other things, whether an entity is a restricted entity before the Firm, a partner or professional staff member (including, their spouse, spousal equivalent and dependents) engage in certain transactions with the entity. The Firm, partners and managerial personnel enter their financial interests and brokerage accounts into a tracking system (the “Global Independence Monitoring System” or “GIMS”). GIMS enables an electronic review of financial interests and brokerage accounts to help identify if independence restrictions may affect the ability to hold such items.

Personal representations
All personnel are required to make an Annual Representation on Independence, Anti-bribery, Ethics and Compliance to confirm that they have read, understood and complied with our Code and independence policies and guidance. A sample of those representations - specifically related to partners, directors and other management level professional service personnel - is reviewed each year.

Our Firm has a requirement, established in 2012, that all its’ people annually confirm their compliance with the Firm’s anti-corruption policies.

The Firm’s independence policies and procedures are made available electronically to the Firm’s partners, professional staff and support staff. Updates to these policies and procedures are also made and communicated electronically to the Firm’s partners, professional staff and support staff. Moreover, other independence-related materials are available on an independence website. Reminders on policy and other matters are routinely published as part of the communications strategy showing changes to entities that are internationally restricted.

Policies and procedures are in place at the engagement level to require the audit engagement partner to consider independence matters during the course of an audit engagement and to address the completeness of communications with the audit committee or those charged with governance, where required.

2. Deloitte Entity Search and Compliance System (DESC) system, the Global Independence Monitoring System (GIMS), and Confirmations
There are three related tools of the Firm’s systems and controls related to the Firm’s independence and the personal independence of its professionals: DESC, GIMS, and a confirmation process. These three facets support each other in that (1) partners and professional staff search DESC, (which includes a database of internationally restricted entities) and/or GIMS (which has a database of financial interests and brokerage accounts), to identify if an entity or its financial interests or brokerage accounts are restricted before acquisition; (2)
partners and managerial personnel record their financial interests and brokerage accounts in their portfolios in GIMS; and (3) the Firm periodically confirms to DTTL its compliance and the compliance of its partners, professional staff and support staff with the Firm’s independence policies.

**Deloitte Entity Search and Compliance (DESC) system**

DESC is operated by DTTL on behalf of the DTTL member firms. Each DTTL member firm reports the names of its clients and their affiliates that meet the definition of an international restricted entity. The policy definition of an international restricted entity includes public audit clients, as well as other entities that may be of public interest. Such restricted entity information is recorded in the DESC system. The entity information provided by the Firm and other firms in the network to DTTL is continuously updated to help ensure its accuracy and completeness, including periodic validation processes performed by engagement teams or the DTTL member firms. Updates to DESC’s entity information are made daily based upon these processes. The Firm’s partners and professional staff access DESC on-line.

DESC also has features that are used to request and document approvals related to providing services to an entity. In many jurisdictions, a restricted entity’s audit committee must pre-approve services that will be delivered within the restricted-entity group. In other jurisdictions, similar approvals are needed which may not involve the audit committee. Where such features are enabled for the restricted entity and its corporate group, DESC’s features establish a standard business process among the DTTL member firms whereby service requests are submitted to the lead client service partner, who is responsible for obtaining and documenting appropriate authorisations prior to approving the service request, and prior to the network firm providing the service.

**Global Independence Monitoring System (GIMS) for financial interests and brokerage accounts**

Each DTTL member firm also identifies and reports the publicly-available securities and brokerage accounts that are associated with an international restricted entity. Such securities and brokerage accounts are recorded in GIMS. GIMS is operated by DTTL on behalf of the DTTL member firms, and each DTTL member firm administers the related monitoring processes related to its partners and professional staff. Partners and professional staff search DESC for an entity, and/or GIMS for a security or brokerage account, before acquiring a financial interest or establishing a brokerage account, to determine if restrictions apply that affect them. This includes investments for or on behalf of a spouse, spousal equivalent, and dependent. Partners and managerial personnel enter defined types of such financial interests and accounts into their individual portfolios in GIMS for monitoring purposes.
GIMS assists partners and managerial personnel by identifying situations which may not comply with the Firm’s policies so that the item may either be approved or corrective action identified. When such a situation is detected, the system advises the individual that an independence-impairing situation may exist, and poses questions which aid the individual to determine whether the item is permitted in the particular circumstances or not. This includes generating notices to the individual in situations where a once-permissible holding becomes newly restricted, so that appropriate and timely actions can be taken. The Firm monitors and follows-up on such notices until the individual resolves the item.

Confirmations
The Firm “annually” obtains confirmations from its partners, professional staff and support staff. Annually, the Firm reports to DTTL that the Firm has taken appropriate steps to obtain sufficient evidence that it and its partners, professional staff and support staff comply with applicable independence requirements (including that the Firm itself is independent of restricted entities). Further details provided in 1. Independence Policies and Procedures.

3. Business relationship assessments and monitoring
The Firm has a business relationships assessment and monitoring process. The objective of such process is to ensure that any business relationship entered into with a restricted entity or its management or substantial stockholders does not impair independence with respect to that restricted entity.

4. Independence Learning
The Firm provides independence learning to its staff to enable them understand and apply the independence policies relevant to them. An induction course is delivered to all new hires and compulsory e-learning and classroom training is delivered to partners, directors and professional staff. Our online independence programme is undertaken by everyone in the Firm, using examples to translate independence questions into practical actions.

5. Consultation Network
The Firm communicates with its partners and employees regarding the consultation policies for independence matters and identifies the individuals who are to be contacted. Additionally, the Firm consults with DTTL’s independence group and other member firms when the Firm determines that additional input or advice is needed under the circumstances. Records of such consultations are retained.

6. Monitoring of Independence Systems and Controls
   Relating to Personal Independence, and Engagement and Practice Reviews

   Inspection of Personal Independence
On a periodic basis, the Firm inspects individuals for compliance with the Firm’s independence policies and procedures. The objective of the inspection and testing program is to determine whether the representations and information submitted by partners and professional staff relating to independence matters and the information contained in GIMS are accurate and complete.

   Inspection of Firm’s Compliance
The Firm is subject to a Deloitte network Independence Practice Review at intervals not exceeding three years. Compliance with independence policies at both a firm level and at an individual level is reviewed. The Firm was last reviewed in this area during 2012 and thus expects to undergo the next review in the first half of 2015.

   See further details of engagement and practice reviews in the Monitoring section (page 29).

7. Disciplinary Measures and Actions
The Firm has disciplinary procedures in place to address non-compliance with the Firm’s independence policies and procedures. These disciplinary procedures are designed to provide an appropriate response to breaches of such policies and procedures by partners, professional staff and support staff. Disciplinary procedures are detailed within the HR Manual and are, also, available to personnel on-line. Disciplinary measures may range from written reprimands, monetary penalties, reductions of performance ratings, and termination/separation from Deloitte.

8. Assignment of Responsibility for Independence Systems and Controls
The Firm has assigned a Director of Independence who has the
responsibility to implement and maintain quality controls over independence. More specifically, the Director of Independence is responsible for taking the lead on all significant independence issues within the Firm, including the implementation and maintenance of the Firm’s business processes related to:

1. independence consultations,
2. independence learning programs,
3. restricted-entity information in DESC,
4. use and monitoring of the features of DESC,
5. use and monitoring of GIMS,
6. “annual” confirmations,
7. testing and inspection programs,
8. disciplinary processes.

Communication channels exist between the Firm’s Director of Independence, the Executive and the Board of Directors/partners, and the DTTL network’s global independence group.

DTTL has assigned a senior leader and a DTTL independence team member who provide access to timely and accurate information designed to facilitate the independence function at the Firm level.

8. “Tone-at-the-Top” Culture Relating to Independence

Firm leadership reinforces the importance of compliance with independence and related quality control standards, thereby setting the appropriate “tone-at-the-top” and instilling its importance into the professional values and culture of the Firm. Strategies and procedures to communicate the importance of independence to partners, professional staff and support staff have been adopted, emphasising each individual’s responsibility to understand the independence requirements.

Conflicts of Interest

Potential conflicts of interest are considered on all prospective engagements and prior to the Firm entering into a financial or business relationship with a third party. The Firm has policies and procedures in place to identify potential conflicts of interest in connection with the Firm either (i) accepting a prospective engagement or (ii) entering into certain business or financial relationships with another entity.

The Deloitte Conflict Checking System (DCCS) is designed to support the Firm’s conflict checking business process to identify and manage potential conflicts relating to prospective engagements, business or financial relationships. For each new engagement or relationship opportunity, DCCS captures the principal parties to the engagement, the scope of work, engagement team, and specific questions which are driven by the proposed service offering. As part of each conflict check recorded in DCCS there is an automated search of DESC to identify any potential audit/attest relationships. DCCS also provides an automated means of cross-border conflict checking. Overall DCCS provides a record of existing engagements, business, and financial relationships which are automatically searched when proposing for new engagements or relationships.

Information security

The firm is working hard to ensure the integrity and confidentiality of information it holds by having policies and actions that work towards:

- sensitive information being protected from internal and external threats
- statutory, regulatory and contractual obligations being met
- restricting access to confidential information to authorised persons
- the encryption of all the firm’s laptops, personal computers
- ensuring software restricting the use of removable media to approved and encrypted devices only
- access to engagement files – both electronic and hard copy paper files being approved by the engagement leader or manager
- regular backup of data on individual laptops and personal computers taking place
- a clear-desk policy, both in our offices and at client sites
- hard copy files not in use staying secured
- remote access to our network only achieved via a secure virtual private network, or equivalent technology
- policies being in place on the transmission of data by email outside of the organisation
- ensure access to operational areas our buildings is limited to those that require it
- confidentiality, availability and integrity of information being maintained

These processes are supported by annual compliance monitoring by our Global Security Office. In the Transparency Reporting year to December 2014, for the second year running, we received a “Grade A” rating making our Firm amongst the highest rated in the network.
12. Human Resources & Learning

The Firm has maintained and improved its policies and procedures for, and invested in, the recruitment, onboarding, development and advancement of high calibre professionals that possess the appropriate mix of technical skills and other core qualities needed to render consistently high-quality service to clients and this is in spite of the challenging market and economic conditions we operate in, since we recognise that our people are our business in the short, medium and long term.

Our professional development program illustrates our recognition that continuous improvement requires continuous learning. We provide training and education on technical and regulatory matters and on professional ethics and independence. Deloitte University symbolizes the priority we place on investing in professional development. Our hiring and advancement practices are designed so that we have the number and calibre of people we need to live up to our commitment to audit quality and professional leadership.

Auditing is rigorous, complex, challenging, and ever changing. We provide Deloitte auditors with the robust system of professional development and career management aids they need to keep pace with changes in the discipline of auditing.

This section highlights the two elements of that effort:

- **Professional development** — A multifaceted approach that incorporates organized learning with on-the-job experience to develop our people.
- **Managing our professionals** — Established practices to attract, develop, motivate and retain top talent.

**Professional development**

**Curriculum**

Our extensive curriculum covers technical accounting and auditing matters, as well as regulatory, professional ethics, and independence issues. There are courses and programs for topics at the foundation, advanced, and mastery levels. Our curriculum also incorporates inputs and lessons learned from both internal and external inspections. Every year, our partners, principals, directors, senior managers, and managers attend level-specific and practice-specific intensive programs focused on timely accounting and auditing issues, specialised industry matters, and a variety of leadership and professional topics, such as professional scepticism, audit quality and professional judgment.

Our audit curriculum is primarily developed in-house either locally or by the Deloitte Global Learning Team. We use minimal off-the-shelf content in our programs. Our learning programs are developed by a group of experienced learning professionals and high-performing audit partners, directors, senior managers, and managers. Professional practice members and subject matter resources also participate in the development, delivery, and review of learning programs. Formal learning programs include live instructor-led, virtual instructor-led, self-study, and e-learning courses that have been developed with instructional designers. Our innovative programs for our professionals offered 15,000 learning hours in the year, including interactive simulation-based programs, case studies, and immersion courses.
Our dedication to this program of learning and its resulting positive impact on quality is further emphasised by our commitment to the Deloitte University where we have invested in more than 40 of our professionals attending relevant line or specialised industry course.

The curriculum encompasses modules on different topics relevant for those performing audits and includes, but is not limited to, topics such as planning and concluding audits, testing internal controls, substantive testing, evaluating misstatements, group audits, archiving and other audit documentation requirements, and professional judgment and scepticism. The wide variety and in-depth exploration of many areas of the audit contribute to quality audit execution and reinforce the role of the auditor. All audit professionals of Deloitte, whether qualified accountants or not, are required to complete at least 20 hours of Continuing Professional Education (CPE) each year and at least 120 hours every three years.

Continuous learning opportunities and on-the-job experience
Access to the latest information is critical to the effectiveness of our audit teams. Using a variety of communication channels, we issue accounting and auditing guidance to audit professionals and communicate with them about developments that may affect audit quality and performance. Our guidance, communications, and professional standards are available in the Technical Library, an extensive online library that also includes databases for off-line use. Searches are facilitated through a proprietary system. Policy changes are also covered in professional development courses for audit professionals and in management team meetings and in conference calls or meetings between the NPPD, risk leaders, service leaders, and other relevant groups.

We enhance our culture by promoting coaching and development ideologies within our engagement teams providing learning materials specifically created for this purpose. Our management team is encouraged to be very hands-on when it comes to the coaching and development of others.

People Development
Our approach to continuing education is based around targeted learning programmes, including regular audit and industry specific training that keeps our people at the forefront of new developments and regulations. These processes and systems are designed so that all our work is of the highest quality, that we comply with regulations and that we do not accept any assignments that would compromise our integrity or independence.

All of our partners and people are supported in their quality, compliance, risk management and anti-money laundering obligations by appropriate technical and other learning programmes as well as supervision by more senior team members and our partner-led audit process. Over and above a comprehensive mandatory audit learning and development syllabus for all grades of staff, we run technical briefings and updates which are presented live during scheduled meetings. In addition, the firm provides mandatory annual accounting and auditing technical training, as well as specific learning modules when new developments require additional understanding.

KEY STATISTICS:
- 15,000 hours invested in training
- Averaged out represents 26 hours of training for each Deloitte person

Deloitte University
A culture of continuous learning and development provide our professionals with the support and oversight to advance both the quality of our audits and their career opportunities.

Deloitte also supports our personnel in maintaining necessary licensing and certification and offers learning opportunities to stay current on professional standards. In fact, we encourage our partners, directors, senior managers, and managers as well as lower levels to teach or facilitate learning programs. Collectively, these activities help our professionals provide the highest level of quality service.
12. Human Resources & Learning

Managing our professionals

Recruitment
Our recruitment processes ensure that we attract and recruit graduates with potential, as well as experienced hires with the appropriate balance of personal traits and reasoning skills to develop ethically, professionally and technically.

We are extremely confident in our highly praised, revamped Summer Internship program which challenges and test its participants’ capabilities and potential. This successful scheme has resulted in a plethora of effective recruitment.

In order to further attract these individuals, our human resources professionals target specific activities over a period of time:

• Develop relationships with local student bodies of overseas universities by hosting various events on within our facilities
• Delivering “in the field” presentations to University of Cyprus students plus other universities
• Undertaking visits to targeted UK universities and holding presentations during the “milk round”
• Involving ourselves in career fairs at universities, colleges and high schools around the island
• Recruitment and secondments from our global mobility program and externally of top performers who have a command of Russian plus other languages important in serving certain sectors of our client base.

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

Key policies and procedures are determined below:

• Predetermined competencies required to perform effectively at each level have been established
• Advancement policies and procedures that identify the experience and performance qualifications for advancement to each level have been clearly defined and communicated to the Firm’s professional staff
• Procedures for constant performance evaluation have been implemented
• A counselling program to assist professional staff in identifying a transparent, and at the same time, realistic career path and a targeted development plan to help them realize professional goals.

A clear acknowledging policy has been also adopted for recognising people’s contribution.

Performance Management
As a Firm, Performance Management is a key tool that permits the Firm to maximise its human resource potential through
motivational techniques and identification of developmental needs on a timely basis. Our approach allows us to develop our people not only through structured learning but also by appropriate mentoring, on-the-job training, developmental meetings and other support activities. Partner leadership of these programmes is an important aspect of their value and success. An individual’s development sets considerable store by feedback provided on specific engagements.

The Performance Management system enables our people:
• To review past performance and to identify areas of improvement,
• To improve future performance by setting targets and performance objectives,
• To identify professional development needs and plan for their implementation,
• To provide a basis for financial reward decisions,
• To provide a basis for career development decisions.

Targeted developmental conversations are held to assess the performance and contribution of our professional and support talent within each service line and hierarchical level against the respective Competency Framework. Competencies refer to the set of skills, knowledge and behaviours that our professionals need to demonstrate.

The process also enables Business Objectives based on measurable criteria to be set and agreed upon. Self-evaluation against both qualitative and quantitative criteria, aiming to enhance further self-awareness is one of the most significant benefits sought from the processes adopted.

Since 2013, our people are looking at and considering, not merely performance, but also the potential of their teams within the realms of the performance management process.

The objective of thinking about a person’s potential is to identify and manage ‘talents’, to provide the opportunity to our professionals for self-reflection and to determine their career aspirations and prospects.

The added-value given by the performance management processes to the Audit practice consist of:
• The introduction of a consistent approach between all staff
• The encouragement of a focus on quality performance conversations
• The improvement of the timing of the feedback given to our people
• Improving our ability to retain top talent, and
• The early identification of development needs which can be readily translated into a Learning Plan.

Our increasing use of web-enabled technology to capture 360° degree feedback from peers as well as team members allows us to obtain a rounded view of Managers’ performance and development needs and for those individuals to benchmark themselves against their colleagues.

The purpose of the scheme is to provide information to managers and partners relating to their effectiveness in leading and managing their teams to enable them to:
• Understand and appreciate their strengths and acknowledge developmental areas,
• Further enhance their leadership and management skills and develop self awareness

We are confident that these actions, led by our partners, create an environment where achieving high quality is valued, invested in and rewarded and that our performance management and reward systems for partners and our people promote the characteristics essential to quality auditing.

In addition, all these steps ensure that colleagues performing field audit work have appropriate capabilities, experience and competence, are appropriately supervised by partners and managers and that sufficient training is given to audit personnel in areas of audit, accounting, professional and industry related specialised issues.

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

Deloitte was the first organisation in Cyprus to achieve Gold recognition and International Champion status with the Investors in People (IIP) - and in 2014 became the first organisation to reconfirm it. This achievement confirms the leading position of Deloitte in its sector and confirms the effectiveness of its HR management and development practices.

Investors in People has gained wide acknowledgement and acceptance internationally as the only comprehensive standard in the area of Human Resource Management and Development, boasting international implementations in excess of 37,000 organisations. It has gained visibility in Cyprus over the last 6 years, when Deloitte pioneered the field and we are currently observing a sharp increase in client requests for Investors in People implementations.

Investors in People is a compelling tool for any organisation wishing to align its HR practices with its business strategy and objectives, therefore maximising its productivity gains from its human capital. It is also a bold statement internally to its human capital, resulting in increased motivation, staff retention, client service and productivity, as well as a recognised remark to the marketplace, indicating that IIP accredited organisations are 'employers of choice'. To achieve Investors in People Gold status, as an organisation we had to successfully fulfil at least 165 evidenced requirements in areas such as Strategy, Training & Development, Management Effectiveness, Involvement and Empowerment etc.

Training support under our trainee accountant schemes

The Firm aims to attract and retain the best candidates who offer the most potential to the Firm. We continue to offer to all our trainees paid study leave to attend learning programs and meet the financial burden of those courses. The packages we offer are competitive, aimed at attracting the most sought-after talent. Our internal policies and processes were reconfirmed once again during 2014 by the ACCA and the ICAEW as meeting their requirements for trainees and members.

As a result of our excellent schemes and the quality of our recruitment processes, our trainees’ professional examination results were once again outstanding, with pass rates well in excess of the worldwide averages, achieving 92% first time passes over a 5-year period. Furthermore, we are very proud of our prizewinners under both schemes in recent years furthered by the latest announcement with the ICAEW results that one of our trainees achieved first place in the Financial Accounting and Reporting Paper of the Professional level in the December 2014 sitting. This result adds to the significant number of local and international achievements of our trainees over the recent years.
Our commitment to Audit Quality: Today, tomorrow, and always

The need for an independent, objective, trusted voice in our capital markets is more important than ever in these difficult times. Deloitte remains committed to transparency and will continue to engage constructively with our regulators, elected officials, and other stakeholders in pursuit of policies that further strengthen the quality of financial reporting for the investing public. As professionals committed to excellence, we are dedicated to providing the investing public with audits they can trust.

For more information, please see www.deloitte.com/about for a detailed description of the Deloitte network and its member firms. To access the Deloitte Limited, Cyprus 2014 Transparency Report online visit http://www.deloitte.com/cy
13. Conclusion

The Firm’s Executive continues to be impressed by the quality of the Firm’s deliverables, the attention paid to good governance and by the integrity, commitment and expertise of the Firm’s partners and staff. The Firm’s cohesive and consultative culture is a vital element.

Thank you for reading this report. Deloitte would be very grateful for any comments you may have or other input. Communicating effectively with stakeholders is an important part of the role of the audit profession – of which we intend to be the undisputed leader. If you would like to contact us please email infonicosia@deloitte.com
Appendix 1 - Financial Information

Business performance

The strong commitment and collective efforts of our people in servicing our clients, has been the cornerstone of our outstanding financial and operating performance during 2014. Despite the global challenges impacting our international business and the known difficulties of the local economy, our Firm achieved revenues of €32.6 million for the year ended 31 December 2014, an increase of 4.8% compared to revenues of €31.1 million in the year ended 31 December 2013.

The solid base of revenue growth was primarily boosted by the Financial Advisory Service line, which experienced double-digit growth of 61.4%. Integrated Services also experienced first-rate growth of 15.5%, while the other service lines generally remained stable.

Deloitte’s strong growth, under such difficult and uncertain economic conditions, is directly attributable to our people’s commitment to our clients. This is reflected by the quality of the services and deliverables to those clients through optimising the full capabilities of our multi-disciplinary model, delivering innovative solutions from strategy to implementation.

There is no doubt that the acute restructuring of the Cypriot banking system and the reforms to which the Island continues to be committed, along with the recessionary pressures afflicting major European economies and the CIS region, have significantly affected the Cypriot economy as a whole.

The direct impact of the bailout agreement with the Brussels Group (formerly know as “the Troika”) in 2013 on local businesses coupled with the uncertainty pervading the international business’ segment has affected the financial services sector. Nonetheless, our services to our clients have proven to be resilient; much more so than many commentators first anticipated in the aftermath of the events of March 2013.

In a period of such adverse economic conditions, the safeguarding of our revenue and its recoverability constitutes a high priority for us. Notwithstanding this priority, an equal focus is directed by the Firm’s management on control of both payroll and overhead costs in maintaining our Firm’s healthy financial position enabling the Firm to be prepared and ready to confront the challenges and the uncertainties that continue to characterise the outlook for 2015.

The steadfast commitment to growth and the development of our people through a variety of channels, not least our investment in the Deloitte University, in our unwavering pursuit of improvement and quality, aim to enhance our unique ability to address the specific needs of our clients. This uniqueness stemming from globalization, differentiation and being driven by quality remains a key strategic goal and, at the same time, allows us to enter 2015 with well-founded optimism about our future performance within the current market particularities and beyond.

Year ended 31 December 2014

1. From financial information extracted from Deloitte’s financial records showing the relative importance of audit work and the levels of non-audit services.

<table>
<thead>
<tr>
<th>2014 - Revenue</th>
<th>Fees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit and directly related services</td>
<td>18.9</td>
<td>58</td>
</tr>
<tr>
<td>Non-audit work</td>
<td>13.7</td>
<td>42</td>
</tr>
<tr>
<td>Total</td>
<td>32.6</td>
<td>100</td>
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</tbody>
</table>

2. From financial information extracted from Deloitte financial records showing the levels of non-audit fees by Service line.

<table>
<thead>
<tr>
<th>2014 - Non-audit Fees per Service Line</th>
<th>Fees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax &amp; Legal</td>
<td>6.0</td>
<td>18</td>
</tr>
<tr>
<td>FAS</td>
<td>4.4</td>
<td>13</td>
</tr>
<tr>
<td>Integrated Services</td>
<td>2.1</td>
<td>7</td>
</tr>
<tr>
<td>Consulting</td>
<td>1.2</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>13.7</td>
<td>42</td>
</tr>
</tbody>
</table>
Revenue Analysis 2014

Audit and Non-audit fees in € millions

<table>
<thead>
<tr>
<th>Fees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>€19.0</td>
<td>61%</td>
</tr>
<tr>
<td>€12.1</td>
<td>39%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

Non-audit fees per Service Line in € millions

<table>
<thead>
<tr>
<th>Fees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>€4.4</td>
<td>13%</td>
</tr>
<tr>
<td>€2.1</td>
<td>7%</td>
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<tr>
<td>€1.8</td>
<td>6%</td>
</tr>
<tr>
<td>€1.4</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>39%</td>
</tr>
</tbody>
</table>

2013 - Revenue

<table>
<thead>
<tr>
<th>Fees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit and directly related services</td>
<td>61%</td>
</tr>
<tr>
<td>Non-audit work</td>
<td>39%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

Year ended 31 December 2013

1. From financial information extracted from Deloitte's financial records showing the relative importance of audit work and the levels of non-audit services

2. From financial information extracted from Deloitte financial records showing the levels of non-audit fees by Service line.

Revenue Analysis 2013

Audit and Non-audit fees in € millions

<table>
<thead>
<tr>
<th>Fees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>€19.0</td>
<td>61%</td>
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<tr>
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<td>39%</td>
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<td>Total</td>
<td>100%</td>
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</tbody>
</table>

Non-audit fees per Service Line in € millions

<table>
<thead>
<tr>
<th>Fees</th>
<th>Percentage</th>
</tr>
</thead>
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<tr>
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<td>€2.1</td>
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<td>6%</td>
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<td>€1.4</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>39%</td>
</tr>
</tbody>
</table>
Local outlook
The last twelve months have provided positive evidence of the resilience and adaptability of the Cypriot economy, and a promising long term growth potential driven by the anticipated impact of the positive finds, and the development of those, within the energy sector and the benefits to be derived from the possible reunification of the island. However the continuing success of Cyprus as a reputable financial centre in Europe still remains vulnerable to changes in international political conditions, especially in the CIS region and financial instability of the local banking sector. Without doubt, 2015 is promising to present many challenges not only for our Firm but for the Cypriot economy as a whole. Albeit being faced with a challenging landscape, our commitment to our clients remains unwavering: ‘understanding their needs and offering superior services to help them succeed’.

The global picture
In respect of the financial year ending 31 May 2014, Deloitte member firms reported record aggregate revenues of US $34.2 billion. In its fifth consecutive year of growth, the Deloitte network saw accelerated demand for its range of services in all regions around the world. The organization’s aggregate revenues represent growth of 6.5 percent in local currency, or 5.7 percent in U.S. dollars.

The first class growth experienced by the network across all businesses and regions is attributed to the strong demand for Deloitte’s diverse and multidisciplinary capabilities and services, as clients manage complexity and uncertainty while investing in growth. Deloitte’s success this past year is the result of adapting business strategies to anticipate client needs and address the changing requirements of a dynamic market.

“By repeatedly forging new ground, Deloitte continues to stay ahead of the considerable disruption facing clients, our people, and the society in which we operate. Member firms remain sharply focused on their unique ability to address the specific needs of their clients through distinctive breadth of skills, deep industry knowledge and strategic investments, while bolstering trust in the marketplace, hiring and developing the best talent, and delivering value to society.” Barry Salzberg, Deloitte Touche Tohmatsu Limited CEO.
Appendix 2 - Public Interest Entities

A list of our Public Interest Entity Audit Clients in respect of which an audit report was issued by Deloitte Ltd in the year ended 31 December 2014 is as follows:

1. Actibond Growth Fund Public Company Ltd
2. Alpha Insurance Ltd
3. American Life Insurance Company (Cyprus Branch)
4. Ancoria Insurance Public Ltd
5. Bank of Beirut SAL (Cyprus Branch)
6. BANK MED SAL (Cyprus Branch)
7. Banque Bemo SAL (Cyprus Branch)
8. Banque SBA (Cyprus Branch)
9. Central Cooperative Bank PLC (Cyprus Branch of Bulgarian bank)
10. Charilaos Apostolides Public Limited
11. C.C.C. Tourist Enterprises Public Company Ltd
12. Demetra Investment Public Ltd
13. Ethiniki General Insurance (Cyprus) Ltd
14. Ethiniki Insurance (Cyprus) Ltd
15. IBL Bank SAL (Cyprus Branch)
16. Grawe Reinsurance Ltd
17. Jordan Ahli Bank - Cyprus
18. Jordan Kuwait Bank Plc (Cyprus Branch)
19. KEO Plc
20. K Athienitis Contractors Developers Public Co Ltd
21. Lordos Hotels (Holdings) Public Ltd
22. Medlife Insurance Ltd
23. National Bank of Greece (Cyprus) Ltd
24. National Bank of Greece SA (Cyprus branch)
25. Progressive Insurance Ltd
26. Rolandos Enterprises Public Limited
27. Top Kinisis Travel Public Ltd
28. USB Bank PLC

Under the provisions of the Statutory Auditors Law 2009 and 2013, a “public interest entity” means:

- an entity governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 18 of Article 4(1) of Directive 2004/39/EC,
- credit institutions as defined in point 1 of Article 1 of Directive 2000/12/EC of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions and
- insurance undertakings within the meaning of Article 2(1) of Directive 91/674/EEC.

Member States may also designate other entities as public interest entities, for instance entities that are of significant public relevance because of the nature of their business, their size or the number of their employees.

1 Public Interest Entities for which Deloitte Ltd has performed statutory audit work but did not issue an audit report in the year 1 January 2014 to 31 December 2014 are not presented in the list above.
Appendix 3 - Board of Directors
Executive Committee, Oversight Board, Members of the Board, as at 31 December 2014

Executive Committee

Christis M. Christoforou
Chief Executive Officer

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

Outside the firm, Christis is a Vice President of the Nicosia Chamber of Commerce & Industry and a member of the Board of Directors of the Cyprus Investment Promotion Agency (CIPA). He is also an ex-President of the Institute of the Certified Public Accountants of Cyprus and a current member of its council. Christis is the Honorary Council of the Republic of Lithuania.

Eleftherios N. Philippou
Audit and Insolvency Partner and Firm’s Reputation & Risk Leader, Ethics and AML Compliance Officer

Lefteris Philippou is an Audit and Insolvency services partner whose diversified portfolio of clients includes local, overseas and multi-national entities, operating in Cyprus and abroad. He spent a considerable time in the Arabian Gulf serving multinational companies operating mainly in the construction and electromechanical industry. He leads the Insolvency Services of the firm.

He has been a partner with Deloitte since 1987. He is the firm’s Reputations and Risk Leader (RRL) as well as the Ethics and Anti Money Laundering Compliance Officer.

Nicos S. Kyriakides
Partner in Charge in Limassol, Audit Partner and FAS Practice Leader

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

Nicos acts as the Audit Engagement Partner for a large number of audit clients (including public and listed companies), local and international business enterprises, in many industries. He has led a large number of consultancy and business advisory projects relating to mergers and acquisitions, reorganisations of groups of companies, business plans and feasibility studies for new projects, and public offerings and flotations.
**Nicos D. Papakyriacou**  
**Partner in Charge in Nicosia, Audit Partner and Oil & Gas Industry Leader**

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

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**Costas Georgadjis**  
**Audit Partner, Audit practice Leader & Shipping Industry Specialist**

Costas Georgadjis is the Audit practice leader. He is the Industry Leader on Shipping serving a number of clients in the ship management and ship owning industry as well as a wide spectrum of other local and international clients in various other industries.

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

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**Pieris Markou**  
**Tax Partner and Function Leader**

Pieris Markou is the Tax practice leader of Deloitte Cyprus. He is specialising in local and international taxation. His experience includes many tax planning projects for major multinationals operating through Cyprus and is one of Deloitte Cyprus’ major negotiators on corporate and personal tax for resolution of client’s tax matters with the tax authorities.

Pieris served as the Chairman of the Tax and VAT Committees of ICPAC participating in a number of meetings with the Minister of Finance, the House of Representatives and the Tax and VAT Commissioners for the formulation of the Government’s policies on taxation. Pieris also serves as a member of an advisory committee to the Government on treaty negotiations and is a member of the ICPAC Council since July 2014.
Oversight Board

**Athos Chrysanthou**  
Audit Partner & Security

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

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

**Maria Paschalis**  
Audit Partner, Audit Partner, National Professional Practice Director (NPPD) & Audit Learning Leader

Maria Paschalis is a partner in the Audit department in the Nicosia office, serving a wide range of listed and private clients both in Cyprus and abroad. Since 2010 she is also the National Professional Practice Director (NPPD) and the learning leader for Deloitte Cyprus, responsible both for technical and shared-competency learning in the audit practice.

She became a partner in 2004.

**Antonis Taliotis**  
Tax Partner & Risk Leader

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

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

Panos Papadopoulos
Audit Partner, Integrated Services Partner & Leader & Director of Independence

Panos Papadopoulos is an Audit partner serving mainly international clients operating in a variety of industries. Since 2010 he serves as the Independence Director of the Cyprus Firm. Panos has also been charged with developing the Firm’s integrated services business proposition and now heads this as the Function Leader.

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

Nicos Charalambous
Audit Partner & FSI and Shipping Specialist

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

Nicos has over 13 years’ experience in serving the firm’s clients predominantly in the Banking and Shipping sectors, both locally and abroad.

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

Nicos Spanoudis
Partner in Charge in Larnaca, Audit Partner

Nicos Spanoudis is an Audit partner and partner in Charge at the Larnaca office of Deloitte Cyprus. He has extensive experience in accounting and public audit and he was the driving force behind the Larnaca office’s expansion from where he serves a wide spectrum of local and international clients.

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

Alexis Agathocleous
Audit Partner & Audit Risk Leader and FSI Specialist


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

He is the Audit Risk Leader and the Financial Services Industry Leader.
Alkis Christodoulides  
**Audit & Insolvency Partner**  

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

He joined Deloitte, as a partner, in October 2011 from Moore Stephens.

Christakis Ioannou  
**Audit Partner**  

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

He joined Deloitte, as a partner, in October 2011 from Moore Stephens.

Yiannos Ioannou  
**Audit Partner (retired from partnership on 31 December 2014)**  

Yiannos Ioannou was an Audit partner serving a wide range of businesses both local and international and of various types including construction, international trading, manufacturing and retailing. He has also specialised in direct taxation and has been involved in various corporate finance projects. He has a wide and deep knowledge of detailed financial reporting requirements.

The Board of partners wishes him well in his future career.

He joined Deloitte, as a partner, in October 2011 from Moore Stephens.

Panicos G. Papamichael  
**Enterprises Risk Services (ERS) & Consulting Partner, ERS Leader**  


He now leads the Enterprise Risk Services function of the Firm and contributes to the development of the firm’s offerings to clients in the public, as well as the private industry sectors.

Panicos became a partner in 2008.
Kerry Whyte  
**Audit Partner heading the International Group**

Kerry Whyte is an Audit partner based in the Nicosia office. She is involved in the audits of international business companies and is regularly involved in advising international clients on IFRS and company law compliance matters in connection with their activities through Cyprus. She serves many of the firm’s major international clients and regularly works with other Deloitte offices on multinational audit engagements.

She became a partner in 2008.

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Christos Papamarkides  
**VAT Partner and Specialist**

Christos Papamarkides is a partner in the Tax department leading the indirect tax service line.

Christos has a vast experience in local and international taxation and specialised in indirect taxation. His experience includes tax planning projects for major local clients, companies/group reorganisation and was one of the firm’s negotiators on corporate and personal tax for resolutions of client’s tax matters with tax authorities.

He became a partner in 2008.

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George Martides  
**Financial Advisory Services Partner & Risk Leader**

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

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

He became a partner in 2008.

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Andreas Georgiou  
**Audit Partner & IFRS Technical Expert**

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

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

He became a partner in 2009.
Christos Neocleous
Integrated Services Partner & Risk Leader

Christos Neocleous is a partner of the Integrated line of our Firm’s Limassol office, with over 22 years of professional experience.

Christos is skilled in numerous audit and accounting fields, specializing in the audits of large local and international clients (including public and listed companies), with extensive knowledge of International Financial Reporting Standards, taxation policies, Companies Law and day to day administration processes. He now leads the Integrated Services department of Deloitte in Limassol that providing a broad range of professional services to clients who elect to outsource specific accounting, payroll, financial reporting and corporate administration processes.

He became a partner in 2009.

Demetris Papapericleous
Audit & Insolvency Partner

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

Demetris’ client portfolio includes a number of important clients of the firm operating in different industries comprising of local, public and private companies, as well as international clients. Demetris advises clients on the application of International Financial Reporting Standards as well as certain aspects of the legislation relating to the preparation of their financial statements.

He became a partner in 2009.

Andreas Andreou
Audit Partner & IFRS Technical Expert and Insurance Industry Specialist

Andreas is an Audit Partner based in the Nicosia office.

Andreas is responsible for the audits of large public and private companies in a wide variety of industries with specialization in the insurance and financial services sectors. He has participated in various consulting projects relating to financial due diligence engagements and, very often, he provides technical support and consultations on the application of International Financial Reporting Standards.

He became a partner in 2009.

Alecos Papalexandrou
Tax Partner

Alecos Papalexandrou is a Tax partner based in the Limassol office. Alecos has 17 years of experience in the fields of national and international tax planning and tax compliance issues and 2 years of experience in the fields of corporate finance. He has been with Deloitte since 2003.

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

Panayiota Vayianou is a Tax partner based in the Larnaca office. Panayiota has worked for more than 25 years in the Inland Revenue Department of the Ministry of Finance, where she gained considerable experience in various and diverse tax related issues. She has progressed from a clerical staff at Capital Gains and Immovable Property Department to a Principal Assessor 1st Grade in the Capital Gains Tax, Capital Statement examinations and Accounts Department and then to a Functional Head within the Larnaca District Inland Revenue Office.

Agis Agagathocleous
Tax Partner

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

He started his career with Deloitte in 2004 and was invited to join the partnership in May 2014.

Agis specialises in advising companies on Cyprus tax compliance issues as well as international taxation and planning and he is in charge of various consulting projects that include advising international business companies on structuring their tax affairs in a tax efficient manner.

He also participated in a number of taxation due diligence projects both involving Cyprus tax resident companies as well as international groups based abroad.
Deloitte Limited is the Cyprus member firm of the Deloitte Network. The Deloitte Network is comprised of firms that are members of Deloitte Touche Tohmatsu Limited, an English company limited by guarantee (DTTL).

DTTL does not provide professional services to clients, or direct, manage, control or own any interest in any member firm or any member firm’s affiliated entities. Member firms in the Deloitte Network provide services to clients, either directly or through their affiliates (member firms and their affiliates are collectively referred to herein as Member Firms).

Member Firms operate under the Deloitte brand and related names, including Deloitte, Deloitte & Touche, Deloitte Touche Tohmatsu, and "Tohmatsu.

Member Firms provide professional services in particular geographic areas and are subject to the laws, regulations and professional requirements of the jurisdictions in which they operate. Each Member Firm is structured differently in accordance with, among others, national laws, regulations and customary practices.

Member Firms are not subsidiaries or branch offices of DTTL and do not act as agents for DTTL or other member firms. Rather, they are locally-formed entities with their own ownership structure independent of DTTL that have voluntarily become members of the Deloitte Network with a primary purpose to coordinate their approach to client service, professional standards, shared values, methodologies, and systems of quality control and risk management. DTTL has adopted certain policies and protocols in each of these areas in an effort to establish a consistently high level of quality, professional conduct and service in all member firms. This structure confers significant strengths, combining high quality standards and methodologies with a deep understanding of local markets and a sense of responsibility and initiative among professionals who have a direct stake in the integrity and growth of their respective practices.

Deloitte Ltd in Cyprus operates from three locations in the towns of Nicosia, Limassol and Larnaca. Deloitte Cyprus has 28 partners within its 536 professional staff members as at 31 December 2014. Nicosia has 285 staff members, Limassol 209 and Larnaca 22.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte has in the region of 210,000 professionals, all committed to becoming the undisputed leader in the services they provide. Aggregate revenue of DTTL member firms for the financial year to 31 May 2014 was US$34.2 billion compared with US$32.4 billion for the financial year to 31 May 2013.

There are governance and management structures at both the DTTL and Member firm levels. At the DTTL level, the DTTL Board of Directors (DTTL Board) has adopted certain resolutions, policies and protocols regarding the governance of DTTL, professional standards and methodologies and systems for quality control and risk management in an effort to establish a consistently high level of quality, professional conduct and service in all Member Firms.

Member Firms provide services to clients and are responsible for applying these policies as well as for setting their own policies and exercising professional judgement to ensure compliance with applicable professional standards and local laws and regulations.

The DTTL Board is the highest governing body of DTTL. DTTL’s highest management body is the DTTL Executive, which is led by the DTTL CEO.

The DTTL Executive
DTTL’s CEO approved by the DTTL Board subject to ratification by a two-thirds majority of Member Firm partners, serves a term of four years and may be approved and ratified for one additional four year-term. The DTTL Executive consists of 23 members and includes senior DTTL and Member Firm leaders from various regions around the world. It is responsible for, among other things, fostering a common vision and helping to develop and direct DTTL’s strategies. The DTTL Executive works in a collegial style and attempts to reach decisions through consensus.

The Deloitte network has become the world’s largest provider of professional services.
Partners share profits based upon their profit sharing ratio, which is determined on the units of interest each one holds of the partnership. Each year, standard units are allocated to all partners in such a way that enables younger partners to increase their participation in the partnership versus the more senior partners. Furthermore, subject to certain conditions and on the fulfilment of certain criteria, additional units may be allocated to partners who make an exceptional contribution to the overall performance of the Firm.

Every year there is a comprehensive evaluation of individual performance (both qualitative and quantitative) and contribution to the achievement of the Firm’s strategic objectives. In assessing the performance of partners, a strong contribution in the following areas is an absolute expectation from all partners, notwithstanding the level of their contribution in other areas:

**Quality:** A role model for quality in professional work.

**Talent:** Contribution to mentoring, leading, recruitment, engagement, development and training of our people.

**Ethics and Objectivity:** Setting the standards for ethical behaviour and objectivity.

**Risk Management:** Adherence to Risk management considerations.

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

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

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

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

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

**Leadership and management:** Contribution to the Firm’s broad success through leadership and management roles.

Partners who provide audit services are expected to be responsive to their clients’ needs, but they are not evaluated or remunerated on the selling of other services to their audit clients.

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

In 2010, we introduced the partner Audit Quality Dashboard to assist in the appraisal process. The Audit Quality Dashboard identifies objective metrics of quality and measures partner performance against those metrics. The results are considered alongside other sources of evidence in assessing partner contribution to quality and when setting objectives for the forthcoming year.

Partner performance is evaluated in all of the competencies, beginning with the Board’s approval of the profit sharing strategy proposed by the CEO and concluding with the Board’s review of the recommended profit allocation and equity group for each individual partner, the conclusions of which are disclosed in full to all partners. A committee of partners oversees the management process to ensure consistent and equitable treatment.

**Partners' drawings and the subscription and repayment of partners' capital**

There are equity and non-equity partners in Deloitte Ltd. The equity partners share in the profits and subscribe the entire capital of Deloitte Ltd. Each partner’s capital subscription is linked to his or her share of profit and is repaid in full on ceasing to be a partner. The rate of capital subscription is determined from time to time depending on the financing requirements of the business.

Partners draw a proportion of their profit share in twelve monthly on-account instalments during the year in which the profit is made, with the balance of their profit, net of a tax deduction, paid in instalments in subsequent years. All payments are made subject to the cash requirements of the business. Tax retentions are paid to The Inland Revenue on behalf of partners with any excess being released to equity partners as appropriate.
About Deloitte

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Deloitte Limited is the Cyprus member firm of DTTL. Deloitte Cyprus is among the nation’s leading professional services firms, providing audit, tax, consulting and financial advisory services through over 530 people in Nicosia, Limassol and Larnaca. Deloitte has the broadest and deepest range of skills of any business advisory organisation, and we have a straightforward goal: to be recognised as the undisputed leader and most trusted professional services firm, famous for the calibre of our people and respected for the exceptional quality of our work. For more information, please visit the Cyprus firm’s website at www.deloitte.com/cy.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte’s approximately 210,000 professionals are committed to becoming the undisputed leader in their services.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Deloitte Limited would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Deloitte Limited accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

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