

# Deloitte.

Cornering distinction  
through audit quality  
and transparency

Deloitte Cyprus

Audit Transparency Report

for the year ended 31 December 2015





**We serve our clients with quality and distinction**

Making a measurable and attributable impact

**We inspire our people to deliver value**

Mentoring and developing future leaders and colleagues for life

**We contribute to society**

Building confidence and trust, upholding integrity and supporting the community

**We are leaders in the profession**

Challenging ourselves to deliver innovative ideas that reflect unique capabilities

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## 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 2015.

The terms Firm and Deloitte will normally denote the Deloitte Cyprus firm, Deloitte Limited, throughout this document. The Cypriot firm, Deloitte Limited, is a Cyprus registered entity authorised to practice as an audit firm in Cyprus. Full description of the Legal structure of Deloitte Cyprus is set out in the Appendix on page 68 of this report.

# 1. Our commitment



Welcome to our 5<sup>th</sup> Deloitte Audit Transparency Report in respect of the year-ended 31 December 2015 - a year which Cyprus and Cypriots faced up to the new economic realities with renewed hope and enthusiasm that a settlement to the Cyprus problem could be relatively imminent.

Our financial and operating performance during 2015 was both strong and steady, in spite of the island confronting some unprecedented geopolitical challenges and facing up to real economic tests. Notwithstanding a marginal 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 and demonstrates our commitment to doing the right thing and making an impact that matters, for our clients, our people and society.

For instance, Deloitte professionals:

- 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
- 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
- Enable companies to explore revenue opportunities by diversification or enabling merger and acquisition opportunities

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 carry on the 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.

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 for 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.

As this report demonstrates, quality as our cornerstone 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. This report is accompanied by a list of Public Interest Entities that are our audit clients and in respect of which an audit report was issued during 2015.

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.

Yesterday's tomorrow is here today and at Deloitte we are ready.

## 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 5<sup>th</sup> Annual Transparency Report by Christis M. Christoforou, Chief Executive Officer

I would like to welcome you to read our 5<sup>th</sup> annual Transparency report and in the year that has elapsed since our last report much has happened within the local and international audit sector and the wider business markets.

There are definitely positive trends emerging and we can begin to hope that the worst is indeed over but this must be caveated by stating that this will only be true if, as a country, we continue to be deeply committed to public sector reform and working with the financial institutions in tackling the problems associated with private debt and non-performing loans. 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. These efforts will improve the island's competitiveness and make it yet more attractive for international investors.

On a less encouraging front, the troubled world in which we live continues to throw business threats at us on a regular basis not least with the unrest in the Middle East and particularly Syria and the protracted 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 this humanitarian suffering and its business consequences in the near term.

Nevertheless, despite these competing matters and the beginnings of positive indicators, strategy and direction are the key factors in approaching the business impact of the inherent uncertainties and the dynamic nature of those uncertainties that still prevail in the economic and political landscape both locally and globally. Believing that a top business guru made these comments, would be wrong. It's clear to everyone that in today's set of known and unknown parameters - forethought and planning are essential. This is why I believe that we at Deloitte have positioned ourselves well to evolve into the next decade and beyond. Our strategies are founded in quality in the knowledge that long term sustainability requires and demands it- without quality there is no trust, without trust, there is no point to our being. Quality is fostered by our ethical culture, the strength of our governance processes and our links to other member firms in the Deloitte Network. Our strategy, rooted with quality as the foundation, appropriately addresses a fluid and deeply competitive environment and anticipates the current and future needs of clients both locally and on a global scale.

Here at Deloitte, we will:

- Continue to engage with policy makers and other stakeholders, both through our participation in ICPAC's council, our CIPA and other body memberships and as a standalone firm

- Engage proactively with regulators on the new regulatory environment surrounding audit. The onset of regulatory visits from the Cyprus Public Audit Oversight Board (CyPAOB) and the Institute of Certified Public Accountants in Cyprus (ICPAC), in its role as AML supervisory body, coupled with the extent of legislative and regulatory change affecting the profession in recent years and in the forthcoming year, with the effective date of the long-awaited EU Auditors Reform arriving during 2016 will necessarily extend and enrich these conversations
- 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
- 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

Embracing the principles behind the Transparency Report, we 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, we are ISO9001 Quality Standard certified for all our services. Further, our Human Resources processes and management have been reconfirmed as best practices at Gold Standard and also maintained Champion status under the Investors in People framework and we enjoy ACCA Approved Employer status at the platinum level - all testimony to the efforts we place in quality across the board.

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.

Our goal, stemming from 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; is to be the highest performing and most successful firm in Cyprus through our

continuous commitment to improvement, quality and each other. 2015 saw our Firm withstand the pressures upon us and deliver a satisfying financial performance. It has always been a profound honour for me to lead Deloitte and its team of committed, talented, culturally diverse professionals. During 2015, I can attest, once more, 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.

Times ahead whilst challenged 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. Retaining our devotion to quality, managing our risk exposure and adopting a global vision translates into an ever-present Firm with superior capabilities to assist its clients and serve its public interest role. I am certain that In Living our Purpose we will be making impacts that matter to all our stakeholders: clients, audit committees, investors, employees, regulators and the wider community at large.

At Deloitte, we are committed to distinguishing ourselves through cornering audit quality to deliver a consistent "Green Dot" experience to our clients with the philosophy of continuous improvement being at the core. Quality will remain forever front and centre of our minds - from our leaders to our newest recruits - 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. 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.

Deloitte welcomes all principles that improve transparency and public reporting.

Enjoy your read!



Christis M. Christoforou  
Chief Executive Officer  
Deloitte Limited

# 3. Our Risk & Reputation Leader



## A message from our Risk & Reputation Leader Eleftherios Philippou

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.

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 corner pieces 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.

In these trying times for capital markets and 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 faced by the local economy and globally have pushed 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 new Cypriot economic realities must be confronted with integrity, innovation, vision, risk-awareness and

strength. We see our role as key in leading our clients and driving the foundations of a stable 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 and thus offer sustainable growth. Inherent within this is the incessant need to prioritise quality in the execution of audits.

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. We will begin to feel these changes in 2016. 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 will continue to work and converse with the relevant interested parties to ensure that its implementation, both practically and through legislature, in Cyprus is thoughtfully and responsibly carried through.

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 have commenced training our people and initiated 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 have successfully undergone our 2015 regulatory inspection from ICPAC and now look forward to our first inspection from the Cyprus Public Audit Oversight Board. We look forward 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 to be identified. Whatever comments are raised will be actioned by Deloitte in the spirit of acceptance and for the benefit of continuous improvement.

We have also successfully completed our first regulatory visit in respect of our compliance with the Anti-Money Laundering Legislation and welcome the positive outcome of this. 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. Over the next year, we will build upon our Ethics Code and awareness programs to keep ethical conduct front and centre of our people's minds daily.

I leave you with a quote that speaks for itself:

*"We do not act rightly because we have virtue or excellence, rather we have virtue or excellence because we have acted rightly."*

Aristotle, Greek philosopher and scientist

"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



### A message from our Audit Leader Costas Georghadjis

#### Our commitment

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.

*Audit  
2020*

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 and geopolitical landscapes.

We are confident that the substantial investments we have made, and are continuing to make, in our audit processes, policies, technologies and quality controls are enhancing the quality of our audits. 2015 has seen us embark on a major audit quality and transformation initiative in the deployment of Deloitte Audit (DA). DA refers to the fresh and empowering way we perform audits under a methodology with renewed focus on risks and scepticism, powered by more insightful content and a new suite of technology that helps our practitioners get work done faster, more effectively and at a higher quality. Critical to the successful implementation of DA is the significant investment the firm has made in the new generation global audit technology platform that will equip our auditors with the tool to execute effective and efficient audits. We expect that during 2016 we will train our practitioners and engage in numerous Business Readiness Tests in piloting DA on a number of engagements such that by 2017 all audits for fiscal year 2016 would be executed fully on DA. Our Audit Quality Plan, together with our DA implementation plan, are central to guiding us on this journey.

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 our audits 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 2015 are listed on page 60 - is a continuous improvement process.

#### 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 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.

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 with 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, both in technology and manpower, in our audit practice. 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 organisation
- 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 regulators – via active roles on the various Committees and Council. During 2015, we underwent a third monitoring visit from our local Institute with satisfactory results. In 2016, we will fall under the scope of the visits that will commence by the newly established Cyprus Public Audit Oversight Board. We will welcome all comments they may have in the manner intended for the sake of improvement and serving our public interest role to the fullest.

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 our commercial success.

While we are proud of our commitment and focus on quality, there are still ways we can improve. Over the next year we will:

- Continue to focus on our Global Audit Imperatives, including skepticism, independence and professionalism
- Further equip our people with the skills they need around business processes, management information and internal controls
- Reinforce the role of consultation with experts, specialists or peers in a quality audit
- Ensure that our people have the right level of resources and time to deliver high quality audits
- Move forward with our DA Implementation and Audit Quality Plans

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.”

# 5. Our Purpose & Aspiration

## Our Purpose

**Making an impact that matters – This is what we do.  
This is who we are.**

Deloitte has long been a purpose-led organisation. In 2015, that Purpose was put into words to inspire Deloitte professionals. With a defined Purpose to lead us, Deloitte acts with courage and conviction to make an impact that matters every day. Our Purpose statement is a clear and compelling declaration of why we exist.

Our desire to make a positive, enduring impact every day for our organisation and its stakeholders requires that:

- Every day we challenge ourselves to do what matters most-for clients, for our people, and for society
- We serve clients distinctively, bringing innovative insights, solving complex challenges and unlocking sustainable growth
- We inspire our talented professionals to deliver outstanding value to clients, providing an exceptional career experience and an inclusive and collaborative culture
- We lead the profession by challenging ourselves to do what matters most, delivering innovative ideas that reflect our unique capabilities
- We contribute to society, building confidence and trust in the markets, upholding the integrity of organisations and supporting our communities

These Purpose-driven behaviours are guided by our Network's Shared Values.

## 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.

## Our Aspiration

### 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. Our aspirations is not just about our top line revenue 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 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 aspiration.



# 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 the Cyprus Public Audit Oversight Board (CyPAOB) will play in Cyprus as the new regulator in promoting high-quality, independent audits of financial reports for public interest entities and others and the role they take over from the Institute of Certified Public Accountants of Cyprus (ICPAC) in respect of these public interest entities.

In Cyprus, we have a history of open and ongoing dialogue with ICPAC which recognises that we understand our obligations are not limited to inspection periods. These interactions have been built on mutual respect, open-mindedness and constructiveness in seeking opportunities for improvement, and occur at various levels both privately and through professional forums. We hope to continue this positive relationship with the CyPAOB as their reviews commence during 2016.

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 (page 17).

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 to ensure they receive the fully rounded "Green Dot" service. We are also proud that our Firm is actively involved in shaping the future of our profession in Cyprus through the involvement of our professionals in the many committees of ICPAC.

## Establishing the right tone

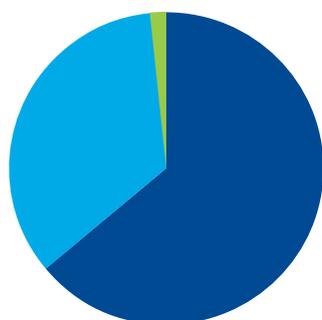
Our culture is driven by our Chief Executive Officer (CEO) and fully endorsed by our Board of Partners and the Executive. The Firm's cultural goals can be captured within several areas that enable us to deliver on our promise of professional excellence. The Firm focuses on professional excellence as the foundation for achieving consistently high audit quality and leverages innovative tools and technology to assist in this. 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 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 and professional environment, the importance of audit quality together with feeding back the results of any inspections and any associated quality improvement actions.

Table: Deloitte's focus

Focus	How our focus support audit quality
Recruit and retain the best	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
Empower and trust	We empower our people to take personal responsibility for delivering high-quality work to clients
Play to win – think globally	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
Talk straight	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
Aim to be famous	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
Continuously grow and improve	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
Have fun and celebrate	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 2015 covering a broad spectrum of professionals within the Firm, the following question was asked: *“Communication from firm leadership consistently reflects audit quality as the number one priority”*. The responses were anonymous.



Question Results

Strongly Agree	63.9%
Agree	34.4%
Neutral	1.6%
<b>Total</b>	<b>100.0%</b>

# 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.”

**Maria Paschalis**, Audit Partner, NPPD and Audit Learning Leader

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 under-pinned 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 standing ready to transform the independent audit process
- Deploying the transformational Deloitte Audit Engagement Management System to enhance audit quality while allowing audits to be conducted more efficiently facilitates the development of insightful comments. We began this process in the second half of 2015

The future of auditing must also enable us to be fully prepared to comprehensively report within our audit reports when the new Audit Reporting Standard becomes effective. We believe that high quality, insightful audit reports that are carefully tailored to the entity, and are clear and unambiguous will be useful to the capital markets. Next year will see the start of Enhanced Audit Reporting and we are looking forward to stepping up to this challenge and need for further information to be contained within an audit report. We have commenced our learning programs on this subject and will take them even deeper during 2016.

Through our passion for deep quality, innovation and growth, we will shape the audit of the future and mould auditors of the future.

# 8. Audit Quality Framework

Deloitte's Audit Quality Framework (see Figure 1 on page 16) 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 one of the world's largest network providers 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

Enhancing our own understanding of what audit quality means to companies and the investment community helps us better focus on ways to further improve audit quality. 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 believe are correlated to high audit quality and thus can further drive forward our quality goals. While no one metric alone can determine quality, in aggregate, we believe the use of AQIs will further reinforce behaviours that support high audit quality. 2015 was the first year of adoption of the full set of AQIs upon which we reported to our Network. Our measurement and benchmarking process with these AQIs provides the leaders of our practice and globally with data that enhances our ability to monitor our practice, and all member firms, and make appropriate adjustments on a real-time basis.

## Delivering audit quality within the Deloitte Network

Our 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 initiatives encourage the involvement of 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.

The Deloitte network has adopted several measures to drive quality improvements across the world. Our Cypriot Firm's participation in these projects include:

- A phased approach to the Deloitte Audit implementation including the adoption and integration of new audit software EMS to enable clients all over the world to be familiar with the "Green Dot" experience
- The production of an annual Audit Quality Plan which details our response to the Audit Quality Framework, and measures our progress against this

- The analysis we undertake on the findings from internal and external inspections, to determine the underlying causes behind them
- The introduction of the Audit Quality Indicators (AQIs)
- The roll-out of audit milestones to support engagement teams in their project management responsibilities
- The introduction of various resources and tools aimed at further supporting the application of the Global Audit Imperatives to engagements.

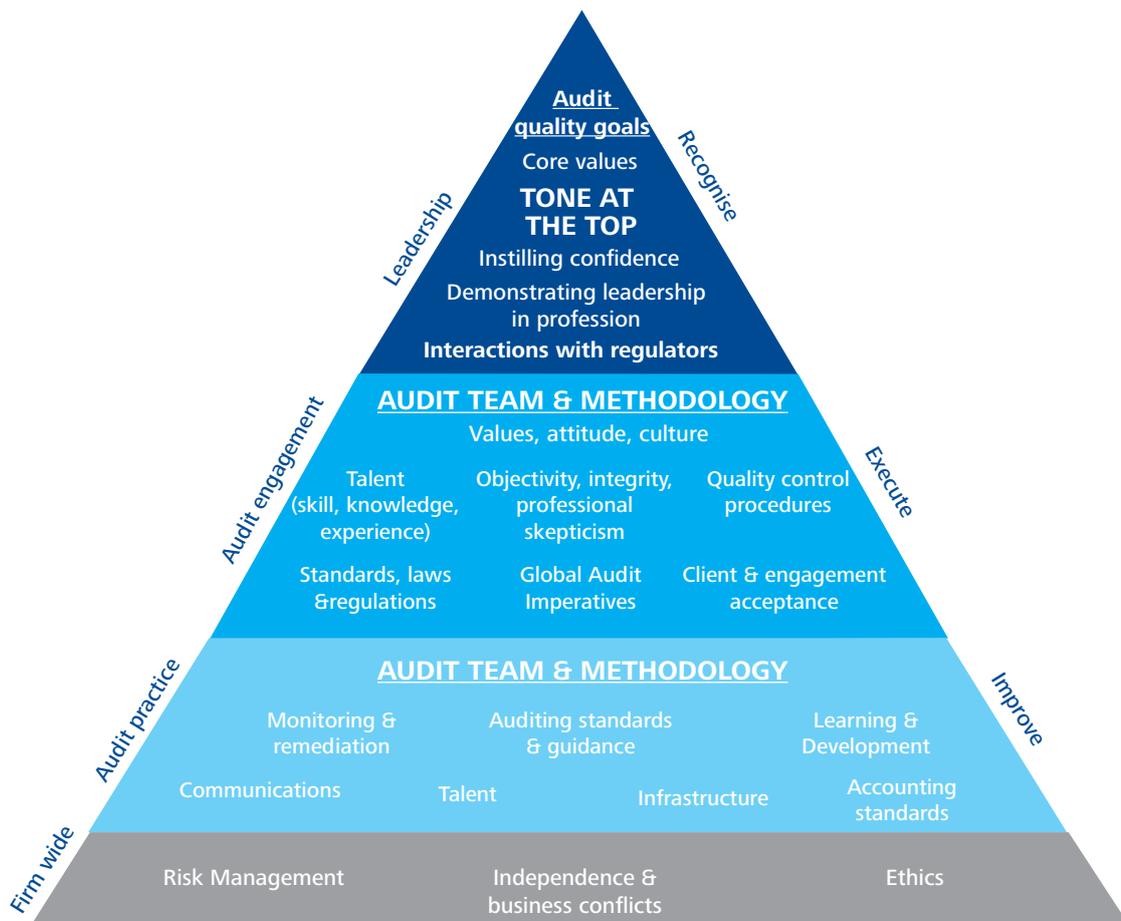
The Network has nine international Financial Reporting Standards (IFRS) Centres of Excellence that aim to provide our audit professionals with swift and consistent responses to IFRS technical queries that can be called upon through our consultation processes.

Our aim is to drive professional excellence through the consistent application of eight global audit imperatives, which have also been adopted globally by every member firm.

Figure 1

**Foundational elements of audit quality**

**Framework for Audit Quality**



Source: Based on PCAOB "Discussion Audit Quality Indicators," May 15-16, 2013; IAASB "Framework for Audit Quality", May 15, 2013

# 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 2015 and enables us to affirm that, overall, our systems of quality control are operating effectively. Further, during November our Firm also was the subject of its external audit monitoring visit review conducted under the ultimate control of ICPAC as supervisory body. The outcome of this visit was, again, satisfactory.

Nevertheless, we guard against complacency and continually seek to improve all aspects of our audit offering, 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 in keeping with our continuous improvement philosophy.

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 and reaffirmed again in 2015.

## 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.

## Quality in audit - system of quality control

Deloitte Limited is the Cyprus member firm (often referred to as the “Firm”) of Deloitte Touche Tohmatsu Limited (DTTL). DTTL is an English company limited by guarantee, whose member firms provide services in particular geographic areas and are each legally separate and independent of one another. Member firms operate under the Deloitte brand and related names. These names include “Deloitte,” “Deloitte & Touche,” “Deloitte Touche Tohmatsu,” “Tohmatsu,” and others. Deloitte Limited provides audit and related assurance services through its engagements with clients. When taken as a whole, the overview provided by this report gives a summary of the Firm’s quality control policies and procedures related to such engagements.

This “Delivering quality audits” section is organised into the following sub-sections that, when taken together with section 11 with respect to Ethical requirements and section 12 with respect to Human resources, provide a summary of the Firm’s audit quality control procedures. This “Delivering quality audits” section is divided into 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

As mentioned above, Our Ethical requirements and Human resources are discussed in Sections 11 and 12 of this Report.

These key pillars are sitting within ISQC1 – International Standard of Quality Control 1.

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 and continue to be so even though there exists a more positive outlook. 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 consistent response to the economic crisis.

We will continue to provide our people with extensive and timely information regarding the current economic climate and future developments, both positive and negative, and their implications. Our aim throughout 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, AuditSystem/2 (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 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.

The analysis of the 2015 client survey results reveals that Deloitte's services, including audit, satisfy clients in all categories. Those categories are; Understanding, People,

Service quality, Deliverables, Communications, Value and Meeting expectations. The highest scoring categories across the entire firm were Service quality, People and Communications.

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.

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

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.

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 accepting a client and engagement. 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 Risk Leaders if engagement risk is assessed as Greater Than Normal or Much Greater Than Normal risk, 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

**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
- It can comply with relevant ethical requirements, including independence and conflicts of interest assessments and considerations
- It has considered the integrity of the client, and does not have information that would lead it to conclude that the client lacks integrity

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, client and professional service risks are considered, 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/continuance process and is an ongoing process that continues throughout the engagement.

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.

**Table : Client and engagement acceptance and continuance considerations**

Risk	Consideration
Client risk	<ul style="list-style-type: none"> <li>• Management characteristics and integrity</li> <li>• Organisational and management structure</li> <li>• Nature of the business</li> <li>• Business environment</li> <li>• Financial results</li> <li>• Business relationships and related parties</li> <li>• Prior knowledge and experience of client</li> </ul>
Service risk	<ul style="list-style-type: none"> <li>• Nature of the engagement</li> <li>• Team competence to handle the technical aspects of the specific engagement</li> <li>• Availability of competent team</li> </ul>
Engagement risk	<ul style="list-style-type: none"> <li>• Specific engagement risk</li> </ul>
Independence	<ul style="list-style-type: none"> <li>• Financial and other relationships</li> <li>• Non-audit services</li> <li>• Other threats: self-interest, self-review, advocacy, familiarity or intimidation</li> </ul>

### 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. Specialists and other experts are also involved as needed.

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.

#### 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. 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 and demonstrate the investment we have made in our underlying audit methodology, tools and resources to enhance the effectiveness of our audit process. These processes are supported by a culture that aims to promote the merits of consultation on difficult issues and help audit partners exercise their personal judgement.

#### 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.

#### 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 Firm focuses on professional excellence as the foundation for achieving high quality audit on a consistent basis– 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 Leader

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.

#### Focus on professional scepticism

Underpinning a Deloitte Audit is a mindset of professional scepticism among all assurance professionals, which we believe is essential to delivering on our commitment to providing quality in our audits.

We continually emphasise the importance of our role as evaluators. This is reflected in many aspects of our policies, methods, procedures and training. For example, we aim to make professional scepticism a daily habit. We also create audit working environments that take a tailored approach to identifying issues and solving problems. When reporting to those charged with governance, we include discussions on areas of significant professional judgement to make it clear how we have exercised scepticism in reaching our conclusions.

Given the increasingly complex nature of our clients' businesses, engagement teams often also involve specialists from across the Firm with expertise in areas such as, valuation, tax, risk, actuarial services, analytics and information technology. This helps inform us more accurately when we exercise our judgement and brings the best of Deloitte to the audit.

The Firm's engagement teams develop this understanding and assess risks of material misstatement in a number of ways, including analysing financial information to identify trends and unusual 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 design



*"We are leaders at integrating capability. In the audit context, this is enhancing the quality of our audits by bringing deep expertise to complex issues and enhancing the value of conversations with our clients."*

Nicos Charalambous, Clients & Markets Leader

of relevant internal controls and determine if they have been implemented; 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.

#### 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

#### Key themes of our eight Global Audit Imperatives:

1. Audit procedures must clearly reflect a consistent approach to acting as an evaluator with an attitude of professional scepticism
2. Demonstrate expertise in understanding the entity and its environment and in understanding internal controls, including understanding process flows and testing internal controls where applicable
3. Audit procedures and documentation must clearly reflect application of the guidance and relevant tools to increase audit effectiveness
4. Own the work performed by internal specialists, involve specialists and integrate seamlessly in planning and concluding
5. Supervise and review the work of component auditors
6. Improve expertise in audit skills - yours and those of others - being committed to learning and the benefits of consultation
7. Obtain deep expertise in assessing clients' risks and improve application of the risk assessment procedures
8. Understand that we all own quality - individually and together



*“Our audit methodology is risk-based, focusing on those areas of the financial statements that have a greater possibility of being materially misstated”.*

*Demetris Papapericleous, Audit Technical Specialist*

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.

Audit procedures to address risks of material misstatement include substantive procedures, which comprises tests of details and substantive analytical procedures, and tests of the operating effectiveness of controls.

#### Use of Experts

While the audit engagement partner retains responsibility for all aspects of the engagement, there are instances when the engagement team utilises an expert. 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

#### Engagement Supervision involves, amongst others:

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

(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 and all our new hires must undertake this course within two weeks of their commencement at the Firm. In addition, access to individual client AuditSystem/2 files is restricted to engagement team members.



*"We are consistently enhancing the quality of our audits by bringing deep expertise to complex issues and enhancing the value of conversations with our clients. 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

### 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.

### Engagement team reviews

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 Reviews

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

Table : Deloitte’s review policies and procedures for audit engagements

Type of review	Required on	Performed by	Review objective
<b>Working papers review</b>			
Detailed review	All engagements	A more experienced member of the engagement team	To consider whether: <ul style="list-style-type: none"> <li>The work has been completed appropriately</li> <li>Any significant matters have been raised for further consideration</li> </ul>
Primary review	All engagements	Manager, Director or Partner	<ul style="list-style-type: none"> <li>Appropriate consultations have taken place and the resulting conclusions documented</li> <li>There is a need to revise the nature, timing and extent of planned audit procedures</li> </ul>
Overriding review	All engagements	Partner	<ul style="list-style-type: none"> <li>The evidence is sufficient to support our report</li> <li>The objectives of the engagement procedures have been met</li> </ul>
<b>Engagement Quality Control Reviews</b>			
Engagement Quality Control Reviews	Listed and high risk other entities	Partner	To consider whether: <ul style="list-style-type: none"> <li>The conclusions reached on significant judgements made by the engagement team are appropriate</li> <li>The audit documentation selected for review in relation to the significant judgements supports the conclusions reached</li> </ul>
Engagement Quality Control Reviews	Other entities	Manager, Director or Partner	<ul style="list-style-type: none"> <li>Appropriate consultations have taken place and the resulting conclusions documented</li> <li>The engagement team has made an appropriate evaluation of independence</li> <li>The report is appropriate after reviewing the financial statements</li> <li>Appropriate matters have been considered for reporting to those charged with governance</li> </ul>
<b>Specialist reviews</b>			
Professional Standards Review	Selection of engagements	Manager or Director	To confirm that all required quality control procedures have been completed
Special review	Much greater than normal risk entities	Partner	<p>To challenge the key elements of the engagement and monitor performance in accordance with the Firm’s policy</p> <p>To consider the appropriateness of the type of the audit opinion to be issued and the wording of any modification or emphasis of matter</p>

situations, is independent of the practice unit to enhance objectivity or to provide specialised resources.

### Consultation Network and 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.

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:

- Audit Quality implementation and monitoring
- 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.

### In summary

These resources, with our partner-led audit approach to our performance on our engagements, 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.

## 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 Audit Oversight Board

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

#### Annual 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 an annual 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 office locations each year. Every practice office is subject to a Practice Review at intervals not exceeding three years. The audit partners with engagement responsibilities ordinarily have a sample of their engagements reviewed at intervals not to exceed three years. Consideration is also given to assessing the performance of managers. Candidates for partner nomination would ordinarily be expected to have been covered in the most recent practice review prior to their expected admission.

A three-year cycle of reviews was commenced in the summer of 2015.

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 "external partner") every year. The external partner who is assigned this responsibility works closely with the Firm's practice review director and the regional practice review director in overseeing and challenging the planning and performance of the practice review.

#### Types of Engagements Reviewed

The engagements selected for review include national engagements and inbound/outbound transnational engagements (audits of financial statements that are or may be used across national borders), 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.

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 the Firm are within the Practice Review scope and include all the areas that relate to compliance with ISQC1, namely:

### 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 38% of our Assurance Practice partners were subject to review in fiscal year 2015 (29% in fiscal 2014)
- 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. No partners from the Cyprus Firm have received such ratings
- Findings are incorporated into partner performance assessments and poor performing partners may be sanctioned depending on the severity of the findings
- 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
- 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

- Risk management program, including engagement acceptance and continuance
- Independence
- Ethics
- Recruitment and advancement
- Professional development
- Information technology specialist reviews and confidentiality
- Assignment of professional staff to audit engagements
- Consultation with Firm experts
- Consultation with outside experts
- Engagement quality control reviews

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 concluding meeting and, subsequently, incorporated into the Audit Quality Plan. The purpose of the Audit Quality Plan (AQP) is to drive forward the Firm's commitment to continuous improvement. The Firm addresses the findings by drawing up a detailed action plan,

### Scope of review:

- Determine whether quality control procedures have been properly applied to such engagements
- Assess the adequacy of implementation of the audit approach, including compliance with the policies and procedures contained in the Firm's policy manuals
- Monitor compliance with applicable local laws
- Assess the overall quality of service provided to clients
- Determine whether the Audit Report issued was appropriate to the circumstances

within the context of the AQP, setting out the action to be taken, the person(s) responsible, and the timing of expected implementation of the improvement effort. In our drive for continuous improvement, these recommendations are implemented and properly managed.

During the year we also perform mid-year assessments, in line with the themes arising from both internal and external inspections. The purpose of these assessments is to consider how engagement teams have addressed the key messages from the previous year's improvement topics. We use the results to determine whether the steps taken have been effective and, if not, what we can do to improve this.

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

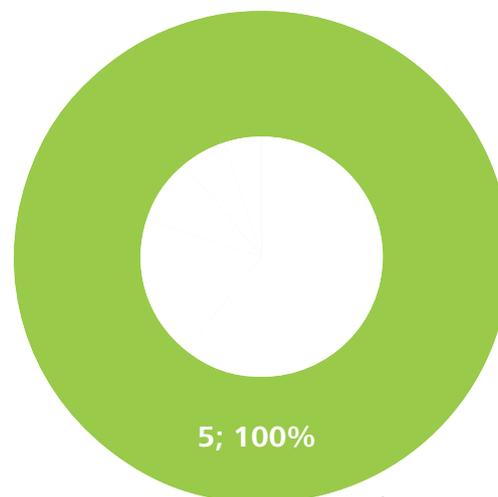
us to make timely changes to our methodologies, policies and procedures.

The 2015 Practice Reviews covered our Audit and ERS practices, Quality Assurance with a detailed review into our Independence processes and Information Security. Of the nine audit engagements reviewed in July, all were found to be "compliant". The ERS practice was assessed as "Green"; the highest rating available; for both its System of Quality Control and individual engagements reviewed. Information security was found to be Grade A and there were just two findings 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, and quality across the board, as our number one priority, using consistent, globally driven policies.

### Rating for partners for 2015



Source:  
*Audit Practice  
Review Dashboard*

- Compliant rated engagements
- Improvement required rated engagements
- Non-compliant rates engagements



*“Delivering audits of the highest quality is our number one priority. We have built a culture where we use all feedback from our quality control processes and external regulatory inspections to continuously improve the quality of our work. Our pursuit of high audit quality is central to every decision we make”.*

*Maria Paschalis, Practice Review Director*

### 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 inspected towards the end of 2015 and the review was successfully concluded with minimal deficiencies noted. The next review is expected to be undertaken by ICPAC in 2021 due to the onset of Cyprus Public Audit Oversight Board regulatory visits to those audit firms who are auditors of public interest entities (PIEs) as defined in the Law. We welcome this opportunity to once again publicly reaffirm our commitment to quality. 2016 will see Deloitte’s first such visit with the purpose of monitoring the Firm’s compliance with ISQC1 and International Standards on Auditing in the conduct of audit work in relation to our PIE clients.

Alongside 2015’s audit monitoring visit by ICPAC, was also our Firm’s first regulatory inspection in terms of compliance with Anti-Money Laundering laws and regulations. The results of this inspection were also concluded as satisfactory.

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 our most significant 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.

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 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 updates its original ERiF devised in May 2013 semi-annually performing full refreshes once per year. The Firm's Risk and Reputation leader reported the results of the latest full refresh in the May 2015 meeting of the Executive and updated mitigation plans during October 2015. 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 FY16 planning process, the Executive will undertake a refresh of the ERiF in the near future to:

- Identify new or emerging 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"
- Validate or update risk definitions
- Consider any changes to risk owners and
- Assess the status of mitigation plans



*"We share the view of leadership experts in that thoughtfully assessing and addressing enterprise risk and placing a high value on corporate transparency can protect the one thing we cannot afford to lose: trust".*

*Nicos Papakyriacou, Executive Committee member, Partner in Charge of Nicosia Office*

### Organisational structure

The principal activities of Deloitte are the provision of Audit, Tax & Legal, Consulting and Financial Advisory 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 four 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 and member 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
- 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 from the CEO.

The members of the Executive Committee (*see Appendix 3: pages 61 & 62*) for the year under review were:

**Christis M. Christoforou**, CEO

**Eleftherios N. Philippou**, Audit, Insolvency and RRL, Ethics, Anti-Corruption & AML Compliance Officer (retired from Executive Committee effective 1 July 2015)

**Nicos S. Kyriakides**, Audit & FAS, FAS Leader, Partner in Charge of Limassol Office

**Nicos D. Papakyriacou**, Audit, Partner in Charge of Nicosia Office

**Costas Georghadjis**, Audit, Audit Leader

**Pieris Markou**, Tax and Tax & Legal Leader

**Nicos Charalambous**, Audit, Client & Markets Leader (appointment effective 1 July 2015)

**George Pantelides**, HR and Consulting Services leader (appointment effective 1 July 2015)

**Andreas Andreou**, Audit (appointment effective 1 July 2015)

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

### **Oversight Board**

The partners have benefitted from the Oversight Board since its inception in April 2013.

Today, 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 2015, the OB met on three 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 and has the right to be present at meetings of the Executive should the need arise.

The members of the OB (*see Appendix 3: page 63*) comprise of the following partners:

**Athos Chrysanthou**, Audit and Chief Confidentiality Officer

**Maria Paschalis**, Audit, National Practice Protection Director (NPPD) and Audit Learning Leader

**Antonis Taliotis**, Tax and Tax & Legal Risk Leader

**Eleftherios N. Philippou**, Audit, Insolvency, RRL and Ethics, Anti-Corruption & AML Compliance Officer (appointment to OB effective 1 July 2015)

### **Appointment and re-election**

Oversight Board members are elected by the partners by simple majority 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.

### ***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 agendas and minutes of the 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 27 Partners as at 31 December 2015. 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 61 - 67*) during the year under review comprised of the following partners:

**Christis M. Christoforou**, CEO

**Eleftherios N. Philippou**, Audit, Insolvency, RRL and Ethics, Anti-Corruption & Anti-Money Laundering, Nicosia

**Nicos S. Kyriakides**, Partner in Charge of Limassol Office, Audit and FAS

**Nicos D. Papakyriacou**, Partner in Charge of Nicosia Office, Audit

**Athos Chrysanthou**, Audit and Chief Confidentiality Officer, Nicosia

**Costas Georghadjis**, Audit and Audit Leader, Limassol

**Antonis Taliotis**, Tax, Limassol

**Panos Papadopoulos**, Audit, Business Process Solutions and Director of Independence, Nicosia

**Pieris Markou**, Tax, Nicosia

**Nicos Charalambous**, Audit and Clients & Markets Leader, Limassol

**Nicos Spanoudis**, Partner in Charge of Larnaca Office, Audit

**Maria Paschalis**, Audit, Audit Learning Leader & National Professional Practice Director (NPPD) and practice Review Director, Nicosia

**Alexis Agathocleous**, Audit and Audit Risk Leader, Limassol

**Alkis Christodoulides**, Audit and Insolvency, Nicosia

**Christakis Ioannou**, Audit, Nicosia

**George Martides**, FAS, Limassol

**Kerry Whyte**, Audit, Nicosia

**Christos Papamarkides**, Indirect Taxation, Nicosia

**Panicos Papamichael**, ERS and Security officer, Nicosia

**Andreas Andreou**, Audit, Nicosia

**Andreas Georgiou**, Audit, Limassol

**Demetris Papapericleous**, Audit and Insolvency, Limassol

**Christos Neocleous**, Business Process Solutions, Limassol

**Alecos Papalexandrou**, Tax, Limassol

**George Pantelides**, Human Capital Services & HR, Nicosia

**Panayiota Vayianou**, Tax, Larnaca

**Agis Agathocleous**, Tax, Nicosia

## 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**, Business Process Solutions

**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**, Business Process Solutions

**Christakis Themistocli**, Consulting (effective to 31 December 2015)

**Pavlos Charalambides**, Consulting (effective from 1 January 2016)

### Subject Matter Experts and other Leaders

The following people have been appointed as Subject Matter experts:

**Nicos Charalambous**, Clients & Markets, Financial Services

**Alexis Agathocleous**, Financial Services

**Nicos Papakyriacou**, Oil & Gas

**Eleftherios N. Philippou**, Risk & Reputation Leader, Ethics, Anti-Corruption & AML Compliance Officer, Insolvency Services

**George Pantelides**, Human Resources, Human Capital Services, Learning

**Maria Paschalis**, Audit Learning and Quality, NPPD, Practice Review Director

**Andreas Georgiou**, IFRS Technical

**Kerry Whyte**, ISA & Deloitte Audit Technical, International Business

**Demetris Papapericleous**, ISA and Deloitte Audit Technical

**Panos Papadopoulos**, Director of Independence

**Costas Georghadjis**, Shipping, Engagement Quality Control Review (EQCR)

**Panicos Papamichael**, Security

**Athos Chrysanthou**, Chief Confidentiality Officer, Privacy

**Pieris Markou**, Direct Taxation

**Christos Papamarkides**, Indirect Taxation

**Andreas Andreou**, IFRS Technical, Insurance, Claims & Events

**Katerina Antoniou**, Quality Control, Regulatory & Compliance

**Christakis Themistocli**, Technology, Chief Information Officer

**Christos Tavelis**, Finance, Business Continuity

**Lakis Koutsokoumnis**, Marketing & Communications

#### **External Auditors**

Moore Stephens, Stylianos & Co were reappointed as auditors for the year 2015. As in previous years, the Executive Committee undertook a review of the 2014 audit, during which no matters arose, and it concluded that it was satisfied with the performance of Moore Stephens Stylianos & Co and proposed to the Board that they be reappointed. The review of the 2015 audit will take place in the second quarter of 2016.



# 11. Ethics and Objectivity

“Deloitte stakeholders expect Deloitte to lead by delivering quality and acting with integrity. To make an impact that matters, each of us has a personal responsibility to conduct business with high integrity, quality and levels of professional behavior. We recognise that we are all role models to others – and we make decisions that align to our Purpose.”

**Eleftherios Philippou**, Risk & Reputation Leader, Ethics, Anti-Corruption and AML Compliance Officer

## 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 550 people. Ethical behaviour among Deloitte professionals is non-negotiable. This is why we continue to integrate ethics into key initiatives and processes, stressing quality and consistency of approach across the firm.

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.

## 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. This program includes giving staff a business card sized ethics cue for them to carry around as a constant reminder. The ethics programme has evolved considerably over recent years. Our over-arching goal is to create a culture where our people realise and understand when they are faced with an ethical dilemma or issue, feel comfortable in discussing it and empowered to resolve it.

## Learning

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

Our 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.

## A consultative approach

A significant component of the ethics strategy has been to emphasise the consultative culture within the firm. We encourage our partners and staff to speak to their



*“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*

colleagues in order to work through concerns or questions. The Ethics Office is also available for consultation where conversations take place on a strictly confidential basis. Investigations may follow consultation with the Ethics Office. All matters raised in good faith are dealt with seriously and are fully and independently investigated. We do not tolerate retaliation at any level.

During the Transparency Year, we have delivered a new and innovative training, firm-wide, that honed in on the value to be gained from consultation and the importance of acting ethically throughout all aspects of our lives; not purely whilst working on audits. The seminars were delivered via 22 sessions in the period of September to November and were well received by all. The most common feedback received related to the lessons learned during the role playing and the useful insights gleaned from the methods of team working used to facilitate the seminar’s key messages. In the context of these seminars, we also delivered sessions on Anti-bribery and Anti-corruption which made our participants sit up and take notice. These themes will continue to feature in our training programmes as we, as a Firm, have clearly understood the importance of our strong stance against corruption and bribery in order to make the world a better place for us all to live.

#### 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 and related services provided by the Firm are compiled in the Code of Ethics & Professional Conduct and include Parts A and B of the Code of Ethics for Professional Accountants (the “IESBA Code”) issued by the International Ethics Standards Board for Accountants, a standard-setting body of the International Federation of Accountants (IFAC) and fully comply with the Institute of Certified Public Accountants of Cyprus (ICPAC) Code of Ethics. When national requirements are more restrictive than the IESBA

Code, the Firm follows the applicable national requirements. Furthermore, our Code of Professional Conduct, 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.

The Firm requires all partners, professional staff, and support staff to confirm annually that they have read and understood the code of conduct and understand that it is their responsibility to comply with it.

#### Ethical leadership

The Firm has formally appointed an Ethics Officer who is an experienced partner with direct access to the CEO and 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

#### 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

### Anti-bribery and anti-corruption

Anti-corruption has been a priority for Deloitte over recent years and, indeed, an Anti-corruption champion has been appointed to further promote the global and local priority. The mission of the anti-corruption champion is to build and sustain an effective anti-corruption program. Our firm has strict and clear policy guidelines which take a firm stance against bribery and corruption in all its forms our personnel are not permitted to accept, offer, induce or solicit such payments. Training to emphasise this is provided within the New Hire Ethical day for all new personnel and, subsequently, revisited on a regular basis.

During 2016, a targeted e-learning will be released to all personnel within the Firm for mandatory completion reflecting the priorities of the Firm with respect to Anti-Corruption messaging.

### 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. There can be no margin for error. That's why every Deloitte professional from the newest assistant to the

most senior leader must comply. Regulators demand it. Clients need it. The public expects it. So, we deliver it.

### 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 the IESBA Code and are enhanced, as appropriate, to reflect local and Deloitte Global standards that may be more restrictive.

The Firm's system of quality control related to independence includes the following:

1. Independence policies and procedures
2. Compliance business process tools, including the Deloitte Entity Search and Compliance system (DESC), the Global Independence Monitoring System (GIMS), Confirmations and Consultation
3. Business relationship assessments and monitoring
4. Independence learning
5. Monitoring of independence systems and controls relating to personal independence, and engagement and practice reviews
6. Disciplinary measures and actions
7. Assignment of responsibility for independence systems and controls
8. "Tone-at-the-top" culture relating to independence



*"We are committed to high professional and ethical standards, auditor independence and our responsibility to act in the public interest".*

*Panos Papadopoulos, Director of Independence*

### 1. Independence Policies and Procedures

The Firm's independence policies and procedures cover the Firm, and the Firm's partners, professional staff 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 IESBA Code and contain specific independence requirements that are applicable when the Firm is to maintain independence with respect to an audit client ("restricted entity") and its affiliates.

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

The Firm obtains confirmations from its partners, professional staff, and support staff upon joining the Firm, as well as

ongoing confirmations on an annual basis, that such individuals have read, understood and are in personal compliance with the Firm's policies on Independence, Anti-bribery, Confidentiality, Ethics and Compliance. 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 conduct 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 and support staff: 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. At a minimum, each DTTL member firm reports the names of its audit clients and their affiliates that meet the definition of an international restricted entity. The policy definition of an international restricted entity includes publicly listed audit clients, as well as other audit clients 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 and/or the DTTL member firms. Updates to DESC system's entity information are made daily based upon these processes. The Firm's partners and professional staff access DESC system on-line.

DESC system 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 or others charged with governance must preapprove 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 system'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 at financial institutions that are associated with an international restricted entity. Such securities and financial institutions 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, 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 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.

In addition, 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 obtains confirmations from its partners, professional staff and support staff upon joining the Firm, as well as ongoing confirmations on an annual basis. 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 section 1. Independence Policies and Procedures (see page 39).

#### **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.

#### **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

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.

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 partners and professional 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. 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 reviewed in this area in the summer of 2015. See further details of engagement and practice reviews in the Monitoring section (page 27).

#### 6. Disciplinary Measures and Actions

The Firm has disciplinary procedures in place to address noncompliance 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.

#### 7. 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 system, (4) use and monitoring of the features of DESC system, (5) use and monitoring of GIMS, (6) annual confirmations, (7) testing and inspection programs, and (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 DTTL independence team members 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.

### 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.

### 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 system 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 & confidentiality

As a world-class organisation, there are certain things we

must do exceptionally well. Safeguarding Deloitte and clients' confidential information is a key example, and is a fundamental professional responsibility. Deloitte is in the relationship business, and trust is vital - trust that we safeguard and appropriately use confidential information.

Deloitte seeks to become the profession's leader in setting the standard for protecting confidential information. This vigilance begins internally where it is mission critical that Deloitte protects its own data and the information it holds on its people and clients. Privacy, confidentiality and information security, therefore, remain business imperatives.

We have established a team of champions including a Chief Confidentiality Officer, Security Officer, Chief Information and Information Security Officer and the Privacy Officer. These people work industriously throughout our organisation to promote awareness through training combined with regular alerts, handle incidents as they may arise in our 24/7 hyper-connected world of today and to champion best practices in handling confidential information at the engagement level.

It is clear to see the firm is working hard to ensure the integrity and confidentiality of information it holds by having policies and actions that work towards the various areas noted below and the right people effecting them:

- 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 2015, for the third year running, we received a “Grade A” rating making our Firm amongst the highest rated in the network. This compliance monitoring will be upgraded in 2016 reflecting the priorities assigned by the global network as a business imperatives.

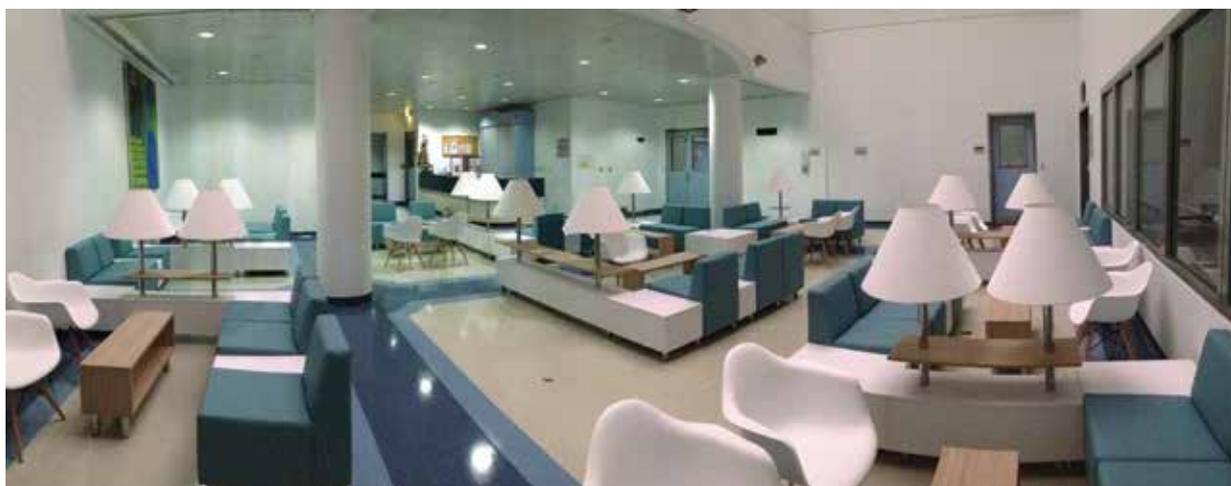
#### Deloitte Code

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
- **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.



*Transformation of Bank of Cyprus Oncology centre waiting area – making impacts that matter to the community as part of our Corporate Social Responsibility program*

# 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 symbolises 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.

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

- Perform engagements in accordance with professional standards and applicable legal and regulatory requirements
- Enable the Firm to issue reports that are appropriate in the circumstances

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 to keep our people at the forefront of new developments and regulations.

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.

On the technical auditing front, 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.

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.



*“In a changing environment, agility and an ability to deal with complexity is becoming increasingly important. We aim to achieve this by fostering a culture for continuous learning and improvements and providing the appropriate opportunities to do so.”*

George Pantelides, Learning Leader

**KEY STATISTICS:**

- 20,500 hours invested in training
- Averaged out represents 37 hours of training for each Deloitte person

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 20,500 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



Deloitte University

in more than 40 of our professionals attending relevant line or specialised industry courses in the year.

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, in management team meetings and in conference calls or meetings between the NPPD, risk leaders, service leaders, and other relevant groups.

We enhance our culture by promoting coaching and development ideologies within our engagement teams providing learning materials specifically created for this purpose. Our management team is encouraged to be very hands-on when it comes to the coaching and development of others. Our professionals are developed by appropriate mentoring, on-the-job training, appraisal and other supportive activities, supervised by partners and other senior team members.

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



*“As today’s auditors operate in an environment of rapid change, we are making significant investments and constantly evaluating and improving our approach to learning. Our curriculum is designed to help our people grow professionally and personally while enhancing our ability to consistently deliver high audit quality.”*

*Kerry Whyte, Partner Responsible for Delivery and Content of Audit Excellence learning, Nicosia*

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.

Our approach to continuing education is based around targeted learning programmes. 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 developed and 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.

### Managing our professionals

#### Recruitment

Our recruitment processes ensure that we attract and recruit graduates with potential, as well as experienced hires, and 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 tests 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 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.



*2015 Graduate intake to ICAEW training program - pictured in October during an event*

## 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 realise 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 consists 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 during last year.

### 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 8 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. indeed, over the last three years in the ICAEW exams, our trainees have succeeded collectively in achieving 100% pass rates in 12 of the papers. Furthermore, we are very proud of our prize winners 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 2015 sitting. Additionally, one of our ACCA trainees has achieved 2nd place World Wide among 22,039 students in the December 2015 exams for the F5 - Performance Management examination. This result adds to the significant number of local and international achieve of our trainees over the recent years.



*Adamos Hadjiantoniou - ICAEW prize winner pictured with Nicos Papakyriacou – Partner in Charge of Nicosia office*



*Andreas Vassiliou – ACCA prize winner pictured with Nicos Kyriakides – Partner in Charge of Limassol office*



### Equality Employer

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



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

### 10 Cyprus Facts

As at or for the year ended 31 December 2015

1. Employees	558
2. Qualified accountants	241
3. University graduates	406
4. Students who qualified as accountants during the year	39
5. Worldwide prizes	2
6. People on international secondments to Cyprus	6
7. Languages spoken	21
8. Nationalities	15
9. Gender	Female 322 Male 236
10. Percentage increase of employees over the last 5 years	22%

# 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](mailto:infonicosia@deloitte.com)



# Cornering distinction

## Our commitment to Audit Quality

As professionals committed to excellence, we are dedicated to providing the investing public with audits they can trust.

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.

*For more information, please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the Deloitte network and its member firms. To access the Deloitte Limited, Cyprus 2015 Transparency Report online visit <http://www.deloitte.com/cy>*





# Appendix 1 - Financial Information

## Business performance

The unparalleled commitment of our people and the Executive's decisive strategy execution were the driving forces that enabled the Firm to achieve revenues of €32.8 million for the year ended 31 December 2015 and €32.6 million in the year ended 31 December 2014. This performance is solid and rewarding in the face of the increasingly uncertain and challenging economic environment, both locally and globally.

The Firm's Financial Advisory Services (FAS) line whose contribution to revenues grew to 17% in 2015 from 13% in the previous year together with strong performance from the consulting function are the predominant headline features of the year. In line with our expectations based on the current landscape, our clients are seeking and valuing our expertise in restructuring and business consulting projects requiring our FAS experts and human capital strategies to attain value added from their people and governance processes. Our business has continued to support local and other clients facing crisis times with realistic fees in the expectation that our long term commitment to these selected clients is making an impact that matters to them - enhancing our trusted relationships.

Responding to the changing geopolitical landscape, and the ever-deepening competitiveness particularly within our traditional markets, is a top priority and is directly related to our business success such that we consider these factors to be priority risks in our strategic decision making processes. Clearly defining and accelerating the implementation of strategic goals and initiatives aimed at penetrating emerging markets and industries is where we are focussing much energy. We are committed in our belief that in facing i) the aftermath of the bailout agreement with the Brussels Group (formerly known as "the Troika") on the local banking sector and local businesses, ii) the uncertainty pervading the international business' sector, iii) the geopolitical turmoil and disruption in our neighbouring countries, and iv) the instability reflected in international political conditions, especially in the CIS region, our Firm's resilience was fully tested and proven to be strong. With this resilience, we accomplished a range of considerable major achievements. Specifically, we:

- Sustained and increased our Firm's revenues and market position despite the adverse market characteristics
- Invested in areas that strengthen our ability to deliver core services to clients at higher levels of quality

- Transformed the organisational structure to address Industry and Country specific needs
- Optimised the full capabilities and further strengthened our multidisciplinary model by delivering innovative solutions and by introducing new service offerings
- Adopted a brand strategy that is directly aligned with our aspiration to become the Undisputed Leader in professional services

We expect the success pattern for 2016 and beyond to reflect these efforts and provide measurable returns; new markets, new industries, new services, albeit, on a larger scale. Going forward with a well-defined strategy, the Firm enjoys the enviable position ready to take advantage of fundamental shifts - both technological and geographical - shaping our profession globally and of the growth potential offered by the Cypriot economy in the short, medium and longer term.

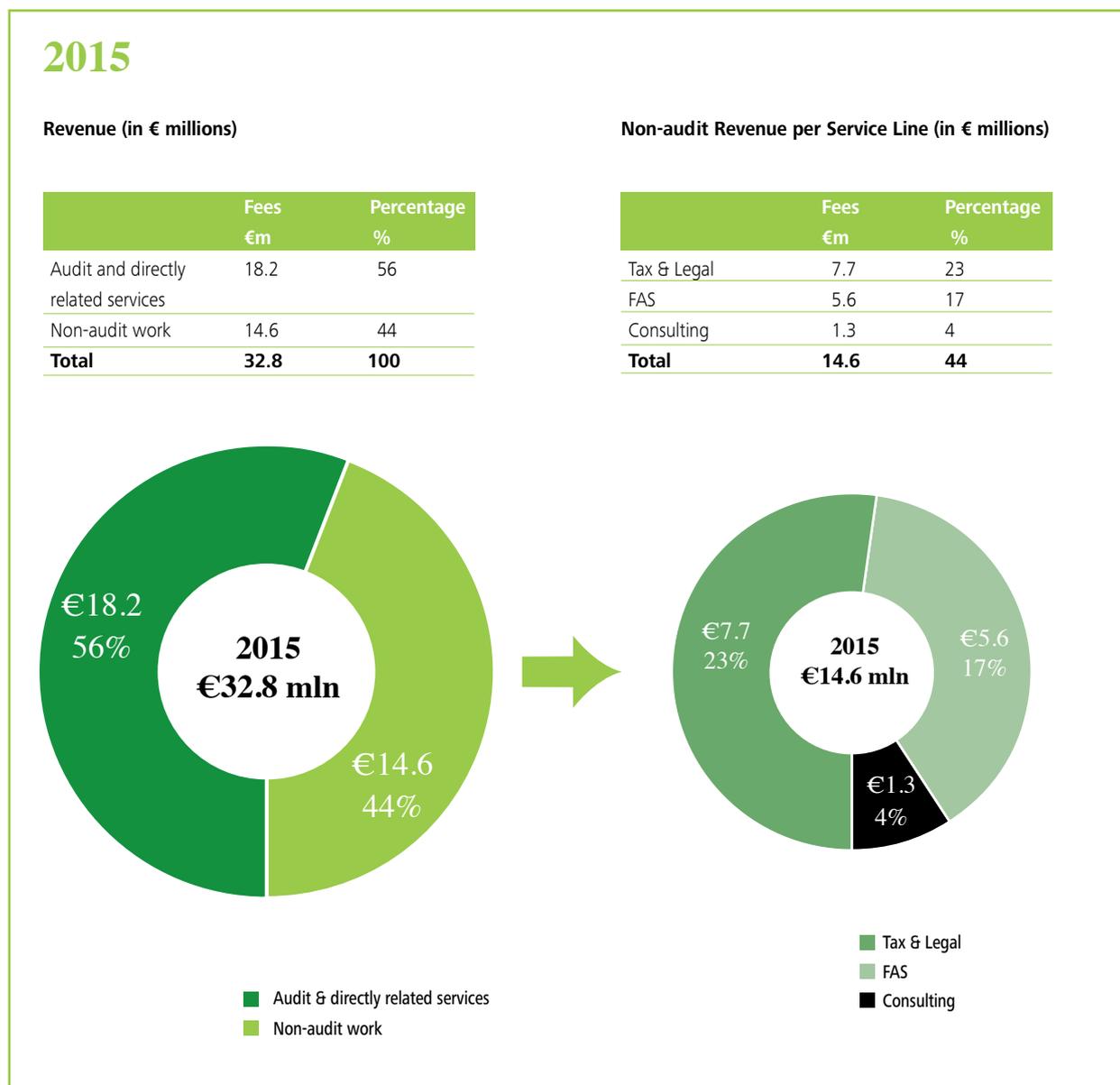
In 2016, our prime focus will be on growing revenues by getting our fair share of the market's expected growth, both locally and globally. Notwithstanding this priority, an equal focus is directed by the Firm's Executive on control of costs in maintaining our Firm's healthy financial position enabling the Firm to stand ready and cushioned to comfortably address any current uncertainty which becomes a future reality in a sustainable, responsible way.

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, in our aim to differentiate ourselves through our unique ability to address the specific needs of our clients will drive our success. Our uniqueness stemming from globalisation, differentiation and our devotion to quality remains a key strategic direction and, at the same time, allows us to enter 2016 with well-founded optimism about our future performance within the current market particularities and beyond.

Becoming the Undisputed Leader in professional services and making an impact that matters will continue to be central to our business into the next decade as we live our Purpose.

**Year ended 31 December 2015**

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's financial records showing the levels of non-audit fees by Service line.



*Note: In the previous year, we reported Integrated Services as a separate service line. For 2015, this Service line has been renamed to Business Process Solutions and restructured into Tax & Legal results. Comparatives have been amended to reflect this.*

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

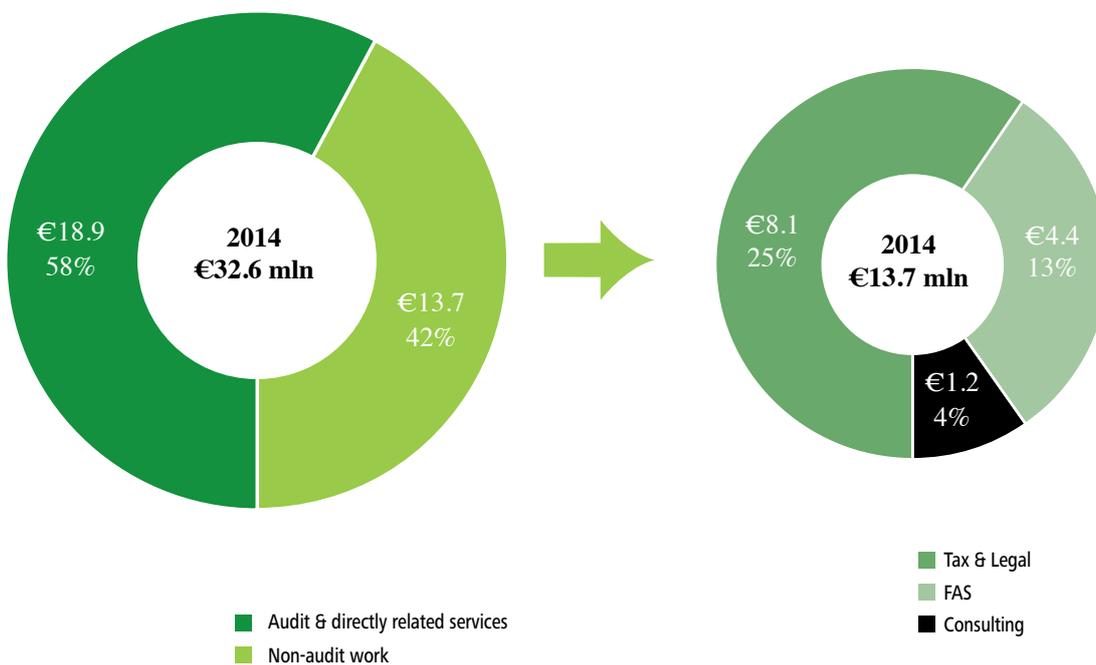
## 2014

**Revenue (in € millions)**

	Fees €m	Percentage %
Audit and directly related services	18.9	58
Non-audit work	13.7	42
<b>Total</b>	<b>32.6</b>	<b>100</b>

**Non-audit Revenue per Service Line (in € millions)**

	Fees €m	Percentage %
Tax & Legal	8.1	25
FAS	4.4	13
Consulting	1.2	4
<b>Total</b>	<b>13.7</b>	<b>42</b>



*Note: In the previous year, we reported Integrated Services as a separate service line. For 2015, this Service line has been renamed to Business Process Solutions and restructured into Tax & Legal results. Comparatives have been amended to reflect this.*

## Local outlook

The recent accomplishments under the economic adjustment program, manifested by the formal exit of Cyprus from its EU-led bail-out programme and coupled with the successful issuance of three Eurobonds during the last two years, constitute compelling evidence of the resilience and flexibility of the Cypriot economy, and are a forerunner of the 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 and access to raising funds on capital markets.

The Cypriot economy returned to positive growth in 2015, expanding by 1.5% and it is forecasted that the recovery will continue with real GDP expanding by an anticipated average of 1.9% per year from 2016 to 2020 with the fiscal position back on a track and the public debt on a downward trajectory. The banks in Cyprus are sufficiently capitalised and on a solid footing to proceed with new productive lending within the local economy.

The positive stimuli to corporate confidence, however, has to compete with an array of local and global risks. The high levels of non-performing loans which may impede the gradual recovery of the banking sector over the long term, the possible backslide with the structural reforms and the privatisations as a result of Cyprus' exit from its economic adjustment program and the implications of a possible re-unification of the Island comprise some of the more pressing local risks. On the global compass, the threats and challenges emanate from many sources including but not restricted to perceived EU fragility, arising predominantly from the possibility and envisaged consequences of the UK leaving the European Union in a "Brexit", the migrant issue and the threat that Greece may be forced to leave the Eurozone, plus continuing tensions in the Middle East and the CIS region.

Undeniably, the current economic environment creates uncertainty and poses challenges whilst offering opportunities too. The year ahead will be another demanding year. Nevertheless, we are passionately committed to addressing the risks head on and capturing the expected market growth for our clients and for ourselves. Our pledge to our clients remains unwavering: 'we will understand the needs of our clients and offer superior, distinctive services to help them succeed.

## The global picture

Deloitte member firms reported aggregate revenues of US\$35.2 billion for the fiscal year ended 31 May 2015 (FY15), representing 7.6 percent growth in local currency terms, experiencing growth across all of its core practices, industry sectors and geographic regions.

Within the context of our Purpose - making an impact that matters - five strategic business priorities define our path forward: client leadership, business leadership, geographic leadership, talent leadership, and network leadership. That's what Deloitte's strategy is all about - strengthening our businesses, empowering our talent, and backing them with an exceptional network to serve the world's most important organisations. We are executing these choices with passion and rigor against an ever-evolving external backdrop that continues to challenge Deloitte and our competitors in each of our businesses. The disruptions Deloitte continues to confront include:

- Increasing geopolitical changes that are reshaping the global marketplace, shifting the balance of power, and creating new hotspots of political unrest
- Continued economic volatility and uncertainty, causing financial risk in some parts of the world and shifting the balance of our investments across developed and emerging markets
- Rapidly shifting technology paradigms where data proliferation, open innovation, and data analytics are exploding, while cyber security threats worsen
- Regulatory changes, including the potential for a markedly different global regulatory landscape to emerge at the end of a protracted period of change across several markets
- Fluid geographic challenges presented by the expanding scale of multinationals operating in different markets, creating the demand for seamless cross-border services

Guided by past strategic choices, Deloitte has thrived in the midst of economic adversity and dramatic market changes. Deloitte is confident our current strategy and Purpose-led approach position the organisation to accelerate its success and achieve its goal of undisputed leadership.

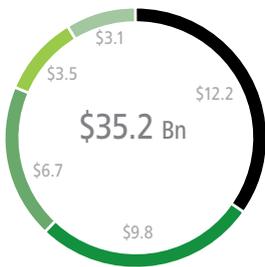
"Deloitte's strong financial performance reflects the success of our multidisciplinary model, which drives the delivery of innovative world-class audit, consulting, enterprise risk services, financial advisory, and tax & legal services and creates an environment where the world's leading practitioners thrive," said Punit Renjen, Deloitte Touche Tohmatsu Limited (Deloitte Global) CEO. "Our growth is directly attributable to Deloitte's professionals, who serve the world's most important organisations with quality and distinction, making an impact that matters".

# Deloitte Global by the numbers

## REVENUE

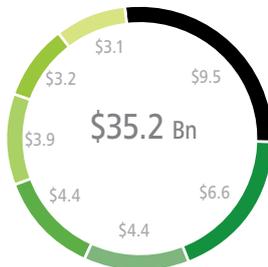
FY2015 **\$35.2** (+8%)  
 FY2014 \$34.2 (+7%)  
 FY2013 \$32.4 (+6%)

### BY BUSINESS



- Consulting
- Audit
- Tax & Legal
- Enterprise Risk Services
- Financial Advisory

### BY INDUSTRY



- Financial Services
- Consumer Business
- Public Sector
- Manufacturing
- Technology Media & Telecom
- Life Sciences & Health Care
- Energy & Resources

### BY REGION

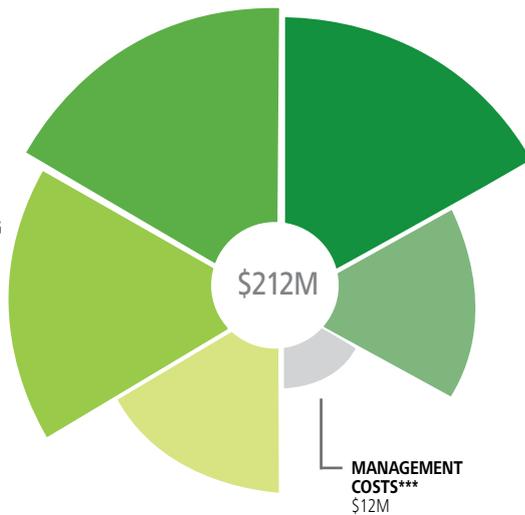


- Americas
- EMEA
- Asia Pacific

Note: Percentages represent year-over-year change. Revenues figures are in US\$ billion. Percentage growth rates are in local currency. Figures are aggregated across member firms. Because of rounding, numbers may not tally with the total.

## TOTAL VOLUNTEER AND PRO BONO WORK \$123M

- PRO BONO  
343,000 HOURS (\$48M)
- SKILLS - BASED VOLUNTEERING  
496,000 HOURS (\$45M)
- TRADITIONAL VOLUNTEERING  
328,000 HOURS (\$30M)



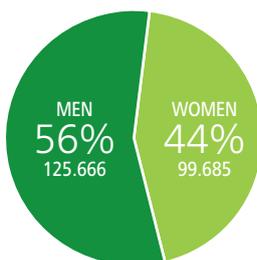
## TOTAL DONATIONS \$123M

- DELOITTE DONATIONS\*\*  
\$47M
- DELOITTE PEOPLE DONATIONS\*\*  
\$30M

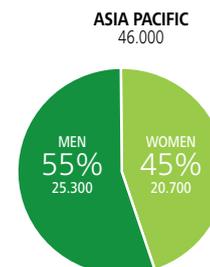
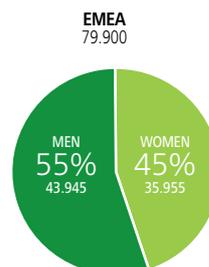
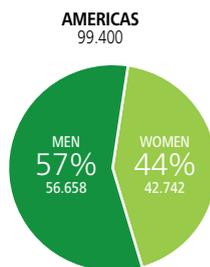
## HEADCOUNT

FY2015 **225,400** (+7%)  
 FY2014 210,400 (+4%)  
 FY2013 202,885 (+5%)

### BY GENDER



### GENDER BY REGION



Revenues are aggregated across DTTL and its member firms. Because of rounding, numbers may not tally with the total.

# 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 2015 is as follows<sup>1</sup>:

- 1 **Actibond Growth Fund Public Company Limited**
- 2 **Altius Insurance Limited**
- 3 **American Life Insurance Company (CY) Limited**
- 4 **Ancoria Insurance Public Limited**
- 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 **C.C.C. Tourist Enterprises Public Company Limited**
- 11 **Demetra Investment Public Limited**
- 12 **Ethiniki General Insurance (Cyprus) Limited**
- 13 **Ethiniki Insurance (Cyprus) Limited**
- 14 **IBL Bank SAL (Cyprus Branch)**
- 15 **Grawe Reinsurance Limited**
- 16 **HMS Hydraulic Machines & Systems Group Plc**
- 17 **Jordan Ahli Bank - Cyprus**
- 18 **Jordan Kuwait Bank Plc (Cyprus Branch)**
- 19 **KEO Plc**
- 20 **Lordos Hotels (Holdings) Public Limited**
- 21 **Medlife Insurance Limited**
- 22 **National Bank of Greece (Cyprus) Limited**
- 23 **National Bank of Greece SA (Cyprus branch)**
- 24 **Progressive Insurance Limited**
- 25 **Rolandos Enterprises Public Limited**
- 26 **Top Kinisis Travel Public Limited**
- 27 **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.

<sup>1</sup> Public Interest Entities for which Deloitte Ltd has performed statutory audit work but did not issue an audit report in the year 1 January 2015 to 31 December 2015 are not presented in the list above.

# Appendix 3 - Board of Directors Executive Committee, Oversight Board, Members of the Board, as at 31 December 2015

## Executive Committee \*

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### **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.



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### **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.



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### **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 Georghadjis, Audit Partner, Audit practice Leader and Shipping Industry Specialist**

Costas Georghadjis 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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*\*All the members of the Executive Committee and Oversight Board are also members of the Board of Directors*



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

Pieris Markou is the Tax & Legal 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.

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**Nicos Charalambous, Audit Partner and 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.

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**Andreas Andreou, Audit Partner and IFRS Technical Expert and Insurance Industry Specialist**

Andreas is an Audit Partner based in the Nicosia office.

Andreas is in charge of large public and private companies in various areas of operation with specialisation in the insurance and financial services industry. He participated also in various consulting projects relating to financial due diligence work. Andreas is the IFRS Specialist of Deloitte Cyprus and very often, provides technical support and consultations on the application of the International Financial Reporting Standards. He also facilitates various technical seminars, both internally and externally.

Andreas is a member of the ICPAC council since July 2015, having served for five years as the Vice-Chairman and member of the Accounting Standards Committee of ICPAC.

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**George Pantelides, Human Capital Services Partner and Consulting Services Leader, Human Resources**

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

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

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## Oversight Board \*

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### **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.



### **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.



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

Eleftherios 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.



*\*All the members of the Executive Committee and Oversight Board are also members of the Board of Directors*

## Members of the Board

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**Panos Papadopoulos, Audit Partner, Business Process Solutions Partner and Leader and 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 Business Process Solutions 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.

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**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.

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**Alexis Agathocleous, Audit Partner & Audit Risk Leader and FSI Specialist**

Alexis Agathocleous is a partner in the Audit department based in the Limassol office. Having started his professional career with Deloitte in London in 1994, he transferred to Deloitte in Athens in 1998 where he became a partner in 2001. He joined Deloitte Cyprus in July 2007.

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

He is the Audit Risk Leader and the Financial Services Industry Leader.

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**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.

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**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.



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

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

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.



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**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.



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**Christos Papamarkides, Tax Partner, Indirect Tax – VAT, Leader of Indirect Tax Service Line**

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

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





**George Martides, Financial Advisory Services Partner and 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.



**Andreas Georgiou, Audit Partner and 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.



**Christos Neocleous, Business Process Solutions Partner and Risk Leader**

Christos Neocleous is a partner of the Business Process Solutions of our Firm's Limassol office, with over 22 years of professional experience.

Christos is skilled in numerous audit and accounting fields, specialising 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 Business Process Solutions 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.



**Demetris Papapericleous, Audit and 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.

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**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.



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**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 1<sup>st</sup> 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.



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**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.



# Appendix 4 - Legal Structure and Network

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. For more information on how the local firm is structured, refer to Section 10 of this report.

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

Deloitte Limited in Cyprus operates from three locations in the towns of Nicosia, Limassol and Larnaca. Deloitte Cyprus has 27 partners within its 558 professional staff members as at 31 December 2015. Nicosia has 306 staff members, Limassol 230 and Larnaca 22.

Over 225,000 / people  
More than 150 / countries and territories  
\$35.2 billion / total revenue

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 225,000 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 2015 was US\$35.2 billion compared with US\$34.2 billion for the financial year to 31 May 2014.

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 26 members at the end of FY15 and includes senior leaders from DTTL and certain member firms across the global network. It is responsible for, among other things, embedding Deloitte's Purpose and achieving it's aspirations and strategic priorities. The Executive sets policies and champions initiatives that help the network make an impact that matters for member firm clients, Deloitte talent, communities and other stakeholders.

# Appendix 5 - Partner remuneration

## Partners' profit sharing

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**

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

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 550 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](http://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 225,000 professionals are committed to becoming the undisputed leader in their services.

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