

**Deloitte.**

12

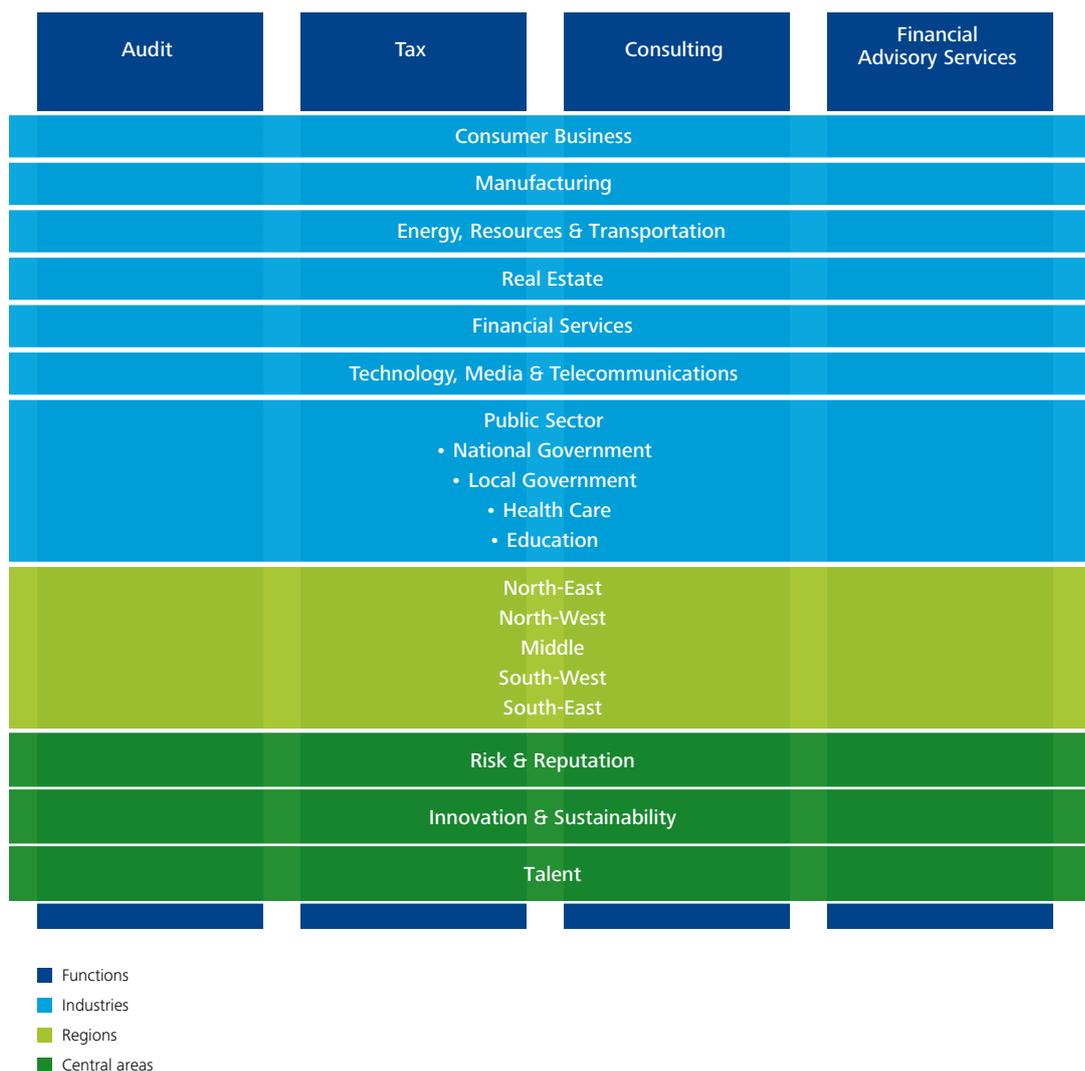
Annual Report  
2011/2012.





# Deloitte structure

This annual report highlights the activities of Deloitte in the Netherlands for the year ended 31 May 2012. The Deloitte organisational structure is divided into four core vertical functions that collaborate across dedicated market segments.



# Financial highlights

	2011/2012	2010/2011	2009/2010
<b>Net turnover (€ thousands)</b>	<b>637,784</b>	631,968	630,501
Relative change in net turnover (2009/2010 = 100)	101,2	100,2	100
Average number of staff in full-time equivalents	4,229	4,235	4,385
Average number of partners in full-time equivalents	246	237	239
Net turnover per employee (x € thousands)	143	141	136
Net turnover per partner (x € thousands)	2,593	2,667	2,638
<b>Result on ordinary activities before tax (€ thousands)</b>	<b>99,285</b>	98,756	106,857
Net result as % of net turnover	15.6	15.6	16.9
Net result per partner (€ thousands)	404	417	447
<b>Net turnover per business category (€ millions)</b>			
Audit	289	312	331
Tax	175	182	173
Consulting	125	95	81
Financial Advisory Services	44	43	46
Innovation	4	-	-
Other	1	-	-
<b>Total</b>	<b>638</b>	632	631
<b>Operating result per business category (€ millions)</b>			
Audit	45	50	57
Tax	38	39	34
Consulting	20	17	13
Financial Advisory Services	13	12	12
Innovation	(4)	(8)	(2)
Other	(5)	(4)	-
<b>Total operating result</b>	<b>107</b>	106	114
Financial income and expenditure	(8)	(7)	(7)
<b>Result on ordinary activities before tax (€ millions)</b>	<b>99</b>	99	107
<b>Net turnover per business category in %</b>			
Audit	45	49	53
Tax	27	29	27
Consulting	20	15	13
Financial Advisory Services	7	7	7
Innovation	1	-	-
<b>Total</b>	<b>100</b>	100	100

# Report from the Executive Board

---

On the face of it, the fiscal year ending May 31, 2012, looks like a stable year, with unchanged net turnover and profitability. However, the underlying dynamics per function are very different, and it was a turbulent year in many aspects.

New appointments were made in the Executive Board. In October 2011, Jorrit Volkers, Chief Clients & Markets Officer, stepped down as Executive Board member and took on a new role within the EMEA Region. Former CEO Roger Dassen, also left the Board at the end of 2011 to serve in the Global Executive Committee as Global Managing Director Clients, Services and Talent.

In January 2012, a new Executive Board was elected comprising a broader representation that significantly increases Deloitte's visibility in the marketplace and better represents the various elements of our business: the functions and Clients & Markets. We are confident that the new structure will further strengthen Deloitte's position.

In March 2012, our CEO, Piet Hein Meeter, has stepped down from his position as CEO and Executive Board Member as a result of an infringement of independence rules that surfaced following a routine internal compliance review. This decision was taken in close consultation with the Supervisory Board and was immediately reported to the Netherlands Authority for the Financial Markets (AFM). The position of CEO has been filled on an interim basis until June 2012 by Peter Bommel, Audit Leader. On June 22, 2012, Peter Bommel was elected as the new CEO.

Despite flat net turnover (+0.9%) and challenging conditions in the market, we saw growth in some areas of the business during the year. Both Consulting and FAS had increases of 32.3% (16.5% on a like for like basis) and 2.7% respectively, which partly offset the



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

challenging market conditions faced by Tax and Audit, where there were drops in net turnover of 3.9% and 7.3% (2.5% on a like for like basis) respectively.

The markets for tax and audit have continued to shift, with traditional services coming under price pressure and moving towards lower cost technology-driven solutions. At the same time the advisory component of these functions has also grown. On a macroeconomic level, austerity measures continued to impact the fragile Dutch economy, despite increases in investment activity seen in some sectors.

In our sustainability report more information is available on non-financial performance indicators on people and environment.



## Performance by function

### Audit

Audit faced adverse conditions that led to a shrinking market and drops in net turnover of 7.3%. A part of the decline was also due to changes in the organisational structure of Audit, with the transfer of Audit advisory to the Consulting function.

On a like for like basis, the audit net turnover decreased with 2.5%.

The profession as a whole also faced unprecedented scrutiny from regulators and legislators, the consequences of which are yet unknown. We continue to develop our vision for the future of audit and give our views on assurance on integrated reporting, risk reporting, data analytics and cloud computing, to name a few.

Our focus is to deliver the highest quality of service. Today, Deloitte's Audit offering includes state-of-the-art Audit Analytics capabilities and the implementation of a new Deloitte global Audit methodology that enables us to further improve the technical capabilities and create value for our clients.

### Tax

Tax ended the year with a 3.9% decrease in net turnover. This is mainly the result of lower volumes (-4.0%), as

prices remained relatively stable. The Tax function is implementing a growth strategy focusing on Tax Management Consulting and using Data Analytics.

### **Consulting**

Our Consulting business grew significantly for the second year in a row, gaining market share in almost all industry segments, especially consumer business, public sector and mid market. Consulting also improved its position in Strategy & Operations, Technology and Human Capital Consulting Services. Net turnover increased from €94,8 million in 2010/2011 to €125,4 million in 2011/2012, a growth of 32.3%. In the beginning of the year, we transferred the Audit Advisory activities to Consulting. On a like for like basis, Consulting grew 16.5%. We distinguish our market offering by delivering major, complex business transformations in an integrated way, using the strength of the Deloitte firm as a whole.

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

During 2011/2012, FAS was affected by the uncertainty and contraction that took place in all its markets, with the exception of real estate, where there was growth resulting from an increase in M&A activity. The pension advisory team expanded after the transfer of pension advisors that previously operated within the Tax function. This was followed by a significant contraction when uncertainty emerged about the Pension Agreement and low interest rates. On balance, total turnover increased by 2.7%, with operating results increased by 11.6%.

### **Our strategy**

The Deloitte 'As One' strategy is our roadmap to fulfilling the vision to be the Standard of Excellence. The strategy has three main drivers: quality, growth and operational excellence. Quality is a prerequisite for all of our businesses and therefore always of strategic importance. Growth is a huge challenge in the current market conditions. The growth strategy focusses on our advisory type activities in all functions, and on innovation. We launched the Growth Track programme, which comprises a series of inspiring and challenging workshops with thought leaders from around the world. We have gained a clear understanding on how major trends in society and technology are going to impact our clients and how we can facilitate their journeys towards becoming sustainable businesses of the future.

Only by directly addressing these needs and extending the number and type of services we deliver, we can increase our market share and maintain growth.

The operational excellence element of the strategy is about the profitability of our business with a strong focus on cost reduction.

Our priorities in 2011/2012 have therefore consisted of the following six priorities:

#### **Focus on quality**

Quality underpins the ambition to be the Standard of Excellence and is a key factor towards building trust in the markets.

#### **Increasing market focus**

We are increasing our activities with clients and prospects by sharpening the focus on account planning, relationship management and targeting efforts led by dedicated industry teams.

#### **Growing the number of services per client**

We are driving initiatives aimed at growing the breadth of our services to key non-audit clients, with a focus on high added-value that utilises the full breadth of our organisation.

#### **Innovation & sustainability**

Deloitte Innovation is becoming an important driver for growth and is integral to keeping our offering relevant to the market. We focus on strengthening the portfolio of services through a continuous innovation effort that anticipates our clients' needs. We also increasingly offer innovation as a service to clients to help them drive innovation across their own organisations.

#### **Cost reductions**

Cost leadership is an important differentiator for some service areas. We are deploying new technologies, making widespread use of the offshore resources, and increasing our productivity levels.

#### **Strengthening As One culture**

We are creating a culture in which working together in a cross functional way for the benefit of our clients and our people is an integral part of who we are.

### Market focus

In today's challenging market, market and client focus is crucial. We stand beside our clients, from advice to implementation, as part of a long-term partnership approach. This implies a deep-seated understanding of our clients' commercial needs and ambitions, the markets in which they operate and the way in which they do business. In doing so, we are able to provide timely and proactive advice, while implementing the solutions they require to achieve sustainable growth.

This partnership approach is further reinforced through the key account management that is linked to the full range of services across our firm and enables us to tailor our offering to meet clients' needs. Dedicated teams work continuously to anticipate these needs, and are equipped with deep industry and market knowledge. As a result of this approach, we have seen the average revenue per client increase by 7% in the last year, which has been supported by increase in the number of services.

This client-focused approach is succeeding in the highly competitive SME market, in which companies have annual revenues below €50 million. This is a very important market for Deloitte and will remain so. We have adjusted the operating model to meet the distinctive needs of this segment, and by moving from traditional products to more technology-enabled services. The Deloitte brand is highly visible in the SME market and we continue to run a number of recognised programmes, such as the Deloitte Fast 50.

In the mid market, where companies' annual revenues range between €50 million and €1 billion, we see opportunities to support clients through the firm's sector knowledge and meeting their demands for industry-focused expertise and consulting that sit alongside our traditional tax and audit services. To this end, we are building country-wide, multifunctional teams that bring each client the right mix of people and skills.

In the corporate market, where revenues exceed €1 billion, clients require international connectivity. There is also an increasing need for risk services, supply chain and tax consulting. We will continue to deliver our services to this market segments cooperating with the international Deloitte network.

In addition to the private sector, we are highly active in the public market, where we have taken important steps to further improve our services by simplifying them and increasing efficiencies. Although the outlook in the local and national government sector remains challenging, our position enables us to support growth that continues in the areas of healthcare and education.

### Global focus

In a rapidly changing global economy, we also support client efforts to grasp growth opportunities in overseas markets, while advising a number of multinational companies, on establishing and growing their business operations in the Netherlands. The international network is based on strong local positions and supports our clients by enabling us to work in the way that best suits their needs wherever they are. We aim to share knowledge and cooperate seamlessly across our network, for the benefit of our clients.

### Regulatory environment

A number of regulatory initiatives are being considered by Dutch legislators that have wide ranging implications on the future role of audit in the Netherlands. Recently, legislation was passed in the parliament which includes the requirement for Public Interest Entities (PIE's) to rotate audit firm every eight years and limit the non-audit services that can be provided to PIE's. These were formulated in response to the European Commission's (EC) Green Paper 'Audit Policy: Lesson from the Crisis'.

Deloitte is participating in the dialogue with a broad range of stakeholders to discuss the future role of audit. Deloitte supports the initiatives of the Netherlands Institute of Chartered Accountants (NBA) and the Netherlands Authority for the Financial Markets (AFM) to issue clear regulation on auditor independence.

We believe that measures to reinforce audit quality and independence, and to increase an auditor's signalling function, are central to ensuring faith in the audit profession. Enhancing the role of auditors so they are able to be more pro-active in signalling risks is a key part of our vision.

## People

Rewarding performance and investing in the quality of our people is at the heart of the people strategy.

During the financial year, we made steady progress by developing the capabilities we require to meet the ambition levels in each segment and the changing needs of our clients. The investments are designed to help us perform our work more effectively and better position the value added services. It is vital that Deloitte offers a distinctive talent experience and competencies that are aligned to clients' sector expectations. We are therefore focused on the quality needs of different market segments and on preparing our people to support the firm's objectives in each one.

An example of how we profile ourselves and invest in our talent was the hosting of the Leaders of Tomorrow event in Rotterdam in October 2011. We invited over 150 youngsters from different organisations and 500 young Deloitteers to join working groups to discuss and develop real world solutions to some of the most pressing problems in the government and corporate sectors. Some of the findings were shared at the stage of TEDxRotterdam, which was taking place at the same time and was attended by the CEOs of several prominent Dutch companies.

During the year, we were proud to be ranked the no.1 professional services firm in the Netherlands in terms of employee satisfaction by Incompany 200. This award is consistent with the results of our own engagement survey, which shows engagement levels of up to 70% from our people.

## Learning & development

In the area of development, we are creating a culture in which learning is work and work is learning. Through coaching and by embedding learning throughout the everyday operations, we are keeping our people tuned into the needs of our clients. We are also taking a more flexible and customised approach to learning that is based on the needs of the individual.

The Milestone Programme again operated successfully and on a European scale, helping newly appointed managers embark on their development journeys. In this regard, Deloitte University has become central to our decision to build a truly pan-European curriculum

that is better suited to the changing needs of our multinational clients.

## Recruitment

During the year we continued to professionalise our hiring strategy and strengthen our brand through social media, incorporating Deloitte colleagues in our efforts. The recruitment site, [werkenbijdeloitte.nl](http://werkenbijdeloitte.nl), has been a key feature of this approach and was recognised as the best online recruitment website by several employer branding (online) authorities. Deloitte Innovation is also having a positive impact on our employer brand.

## Innovation

Our innovation capabilities have become a distinctive Deloitte quality that is recognised by a growing number of organisations that turn to us for solutions and advice.

Successful initiatives were launched in the year such as TAXperiment and Risk Lab, which enable our clients and prospects to request and co-develop solutions to specific business challenges. The Innovation Fast Track programme, which helps organisations that want to generate higher turnover within six months through innovation, is now into its fourth year. It has continued to build on its success with clients in the Netherlands and is also being exported to European Deloitte member firms.

Many of the innovations are technology-driven thanks to our in-house capabilities in this area. An example of this is Process X-ray, a unique software-based solution that gives businesses a better understanding of how business processes are being executed.

A new XBRL taxonomy was developed in cooperation with the Global Reporting Initiative (GRI), the leading global reporting framework for sustainability reporting. We have continued to work closely with the GRI to develop solutions that increase the efficacy and accuracy of business reporting.

Technological security is another increasingly important feature of our innovations. As part of the Risk Services, Deloitte is testing companies' websites to see if they are adequately protected against cybercrime. The Deloitte team 'Hack.ERS', recently won the first Global Cyberlympics in 'ethical hacking' for offensive

and defensive security-challenges, among several international awards in 2012. Another innovation is 'Assuring the Cloud', that lets companies monitor risks that are associated with storing their data with cloud hosting providers.

The Online Business Innovation (OBI) practice is another highly innovative service that continues to create fully integrated cross-functional solutions that support clients' digital strategies in all areas of their business; from sales and business development, to operations and customer services. OBI is a direct response to our clients' needs to go digital.

In the year ahead, we will place a strong focus on Deloitte Analytics to help clients make better decisions more quickly based on insights obtained from the vast internal and external data that is available to us. By using a combination of advanced analysis, market knowledge and understanding of the role of decision-makers, we are able to offer timely insights that help our clients become more competitive.

#### **Brand strength**

We have taken important steps towards strengthening the Deloitte brand through the focus on innovation. Our strategy in 2011/2012 aimed to embed social media at the heart of Deloitte, engage online communities, boost external brand preference, and apply a consistent and integrated brand identity across the firm.

At the same time, social media is having a greater impact throughout the organisation, as demonstrated by the increased usage of our channels internally and externally. Around 3,000 Deloitte employees have embraced Yammer and this is rapidly becoming a vital tool for internal communications. We ran a number of workshops for our service teams to stimulate the use of social media in their business offerings and help them interact with online communities.

As last year, #DeloitteWish returned on New Year's Eve, with more than 4,000 wishes sent mainly via twitter and facebook during the evening using the hashtag #DeloitteWish. All wishes were projected on to the Maastoren, the Deloitte Netherlands Headquarters in Rotterdam. Through this initiative, Deloitte supported the Make-A-Wish® Netherlands foundation, helping

to make wishes come true for children with life threatening illnesses.

Deloitte has established a highly visible brand identity through its sponsorship of the Dutch Golf Federation (NGF), the Deloitte Ladies Open, the Van Lanschot Senior Open and the KLM Open, where Deloitte had a strong presence in 2011, hosting 2,000 clients during the four-day event. The event attracted over 10,000 visitors, which is twice as many as the previous year.

#### **Sustainability**

The integrated approach to sustainability comprises both internal and external components, in line with our As One strategy and vision for 2016. Externally, we help our clients to improve their sustainability performance. Internally we aim to continuously improve our performance with regards to our ecological footprint, people and impact on society. The added value comes from combining the learnings in our external and internal actions. By doing so, we made considerable progress in both of these areas in 2011/2012.

Our ambition to embed sustainability in the organisation has resulted in a sustainability team which works with Deloitte's Innovation team to ensure that the way in which we serve our clients also contributes to improved sustainability. We use the Innovation team's processes and tools to develop new integrated solutions for our clients to support them with sustainable growth, like propositions for sustainable supplier management, innovation, remuneration or tax management. Due to the integrated approach, many Deloitte employees are able to discuss and support clients with the challenge and opportunity of sustainability.

In the year, we concluded the comprehensive stakeholder engagement process, the results of which have provided useful insights that will enhance our strategy and performance. We have therefore defined new and ambitious targets to be achieved by 2016. For an overview of these targets, please refer to the Sustainability Report 2011/2012.

We have continued to use the Deloitte Fair Chance Foundation, which is now in its second year, to channel our commitment to the communities in which we operate. The Foundation gives underprivileged children in the Netherlands the chance to develop their knowledge and skills by leveraging the time, funds and expertise of our people in educational programmes. In 2011/2012, around 5,000 young people benefited through a range of programmes and initiatives.

One of the successful initiatives is Impact Day, which was held on September 28, 2011. Around 400 Deloitte's volunteered to support educational projects on this day, which reached 1,350 students. The next Impact Day will be held on November 15, 2012, when for the first time we will be inviting our clients to participate in community activities alongside our employees.

## **Outlook**

In the coming years, we will continue to focus on the execution of the As One Strategy. We do not expect the market conditions to improve, if anything, the market conditions are more unpredictable than ever. The impact of changing legislation for our audit business is still uncertain. The economic situation is uncertain and volatile.

We will continue to invest in new areas, such as data analytics and digital transformations. It is our ambition to become a data insights company that is capable of translating data into valuable insight for our clients, and new products and services. We will also continue to invest in the development of our people.

Despite volatile circumstances, we expect to be able to continue the stable performance on the top and bottom line, by continuing to grow our advisory businesses to compensate for the ongoing challenges in our assurance and compliance services.

# Financial results 2011/2012

The financial year 2011/2012 resulted in a small increase in net turnover, while profit levels remained stable. Business volumes and profitability varied across the functions.

## Net turnover

Net turnover during the financial year 2011/2012 was €638 million, which represented a marginal increase of 0,9% compared to the same period last year. The net turnover declined by 2.5% on a like for like basis in Audit and 3.9% in Tax. Consulting net turnover showed a strong increase of 16.5% on a like for like basis and Financial Advisory Services of 2.7%.

From an industry perspective, growth was achieved in the Consumer Business industry (3.5%), Energy, Resources & Transportation industry (8.3%) and Technology, Media and Telecommunication (1.1%). Financial Services Industry, Manufacturing and Real Estate faced tough economic conditions resulting in a decline in terms of revenue. In the Public Sector revenues declined significantly for the second consecutive year.

Despite strong growth in Consulting and growth in Financial Advisory Services the decline in other businesses resulted in a small decline in people recruited. Net turnover per employee increased by 0.8% from €141,000 last year to €143,000 this year.

## Operating expenses

Operating expenses of the total organisation increased in the year by 0.7% to €530,8 million, mainly due to costs of subcontracted work and other external costs (22.3%) which is largely compensated for by a decrease in overhead costs. Payroll costs are flat despite a strong increase in social security costs which is offset by a decrease in pension costs, due to a refund of pension contributions paid in excess with respect to previous years.

## Results

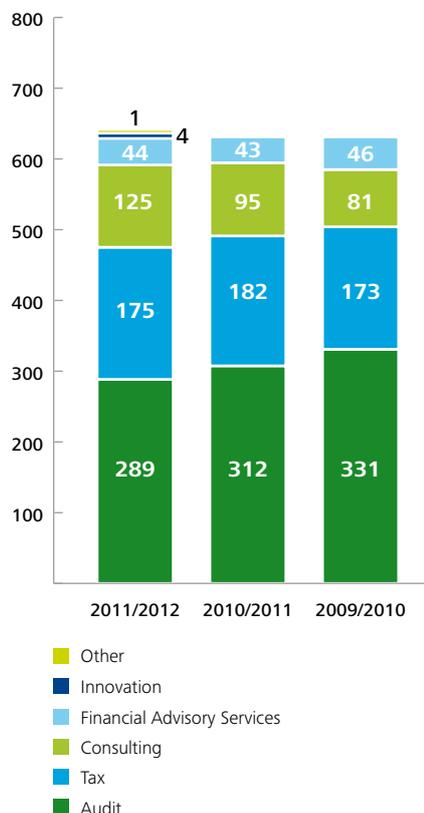
Our results from ordinary activities before taxation are in line with last year at €99,3 million this year (0.5%).

## Financial position

The financial year 2011/2012 resulted in a slight increase in cash flow (€1,8 million). At the same time, our use of credit facilities remained well within their covenants. Investments continued and reached €7,5 million compared to €18,5 million in the previous year (-59.0%).

The group's base capital (group equity and subordinated loans) increased from €112,3 million to €116,7 million. As a percentage of the balance sheet total, the group's base capital increased from 42.6% to 46.2%. Working capital improved following a drop in receivables and work-in-progress in absolute amounts.

## Net turnover



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

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

Segmented information for the period 1 June 2010 to 31 May 2011

in € thousands	Audit	Tax	Consulting	FAS	Innovation	Support/ Holding	Elimination	Total
<b>Net turnover</b>	<b>311,884</b>	<b>181,611</b>	<b>94,827</b>	<b>43,134</b>	<b>9</b>	<b>503</b>	-	<b>631,968</b>
Own production capitalised	-	-	-	-	-	-	-	-
Other operating income	350	371	-	-	-	182,906	(182,906)	721
<b>Total operating income</b>	<b>312,234</b>	<b>181,982</b>	<b>94,827</b>	<b>43,134</b>	<b>9</b>	<b>183,409</b>	<b>(182,906)</b>	<b>632,689</b>
Costs of subcontracted work and other external costs	13,916	13,385	15,155	2,255	34	3,853	-	48,598
Salaries and social security charges	124,978	64,489	34,476	14,832	6,302	78,995	(40,820)	283,252
Amortisation of intangible and depreciation of tangible fixed assets	1,427	1,020	941	-	-	16,439	-	19,827
Impairments of in-/tangible fixed assets	539	-	-	-	-	-	-	539
Other operating expenses	121,215	64,681	26,542	13,896	2,089	88,576	(142,086)	174,913
<b>Total operating expenses</b>	<b>262,075</b>	<b>143,575</b>	<b>77,114</b>	<b>30,983</b>	<b>8,425</b>	<b>187,863</b>	<b>(182,906)</b>	<b>527,129</b>
<b>Operating result</b>	<b>50,159</b>	<b>38,407</b>	<b>17,713</b>	<b>12,151</b>	<b>(8,416)</b>	<b>(4,454)</b>	-	<b>105,560</b>

# Risk management

The Executive Board is responsible for ensuring internal risk management and control systems are effective. Where possible, the Board is responsible for actively managing all strategic, financial and operational risks. The main components of our internal risk management and control system in the year under review are shown in the table below.

Type of risk	Possible impact	Mitigation
<b>Strategic risks</b>		
Deterioration of market conditions	Markets may decline and revenues consequently impacted	Deloitte has proven to be able to adjust the cost base effectively, when revenues drop significantly. Deloitte operates in various markets with various businesses, some of which are counter cyclical, buffering the impact on revenues
Reputational damage in the Netherlands or another Deloitte member firm outside the Netherlands	Loss of clients and talent	Deloitte has strict global standards for ensuring high quality of services in every country we operate. Thorough Quality Reviews are performed on a regular basis in every country to ensure the standards are complied with regulation
Changes in legislation restricting our ability to execute our current business model	Loss of business	Continued dialogue with key stakeholders to understand opinions and trends and to enable anticipation of changes in legislation
<b>Quality risks</b>		
Lack of compliance with laws, and regulations	Failure to operate appropriate risk management and control systems could lead to violation of laws and regulations, and could result in fines, loss of licences to operate our business, reputational damage and losses	Deloitte has an extensive system of internal controls, procedures and quality standards to ensure compliance with laws and regulations. Quarterly Control Statements are prepared and reported to the Audit Committee. Regular reviews take place to ensure compliance with quality (see above also) and independence standards
<b>Operational risks</b>		
Not being able to retain key talent	Could affect ability to deliver high quality services and achieve growth	Targeted people strategy focused on learning and development and the retention of diverse key talent
Failure of IT systems	Disruption of business continuity with respect to delivering high quality services to our clients.	Deloitte has a highly mature highly secure data center. Annually reviews take place ourselves and our global IT organisations to assess whether all controls to ensure business continuity are in place.
<b>Financial risks</b>		
Cash flow	Lack of working capital and low capital base	Deloitte has recently renewed its banking facilities.
Financing of pension obligations	Risk of unpredictable liability	Deloitte employees participate in a defined contribution scheme. Around 1% participate in a defined benefit scheme, which is reinsured

## In-control

Public and private limited liability companies that adhere to a two-tier management model may (or, if they are listed with their statutory seat in the Netherlands, must) issue an "in-control statement". Companies need to ensure that adequate management and control mechanisms are in place and that the strategic, quality, operational and financial risks, as mentioned above, are sufficiently assessed.

Accordingly, Deloitte's Executive Board is responsible for designing, implementing and operating the risk management and control systems within the company. This may include drawing up policies, establishing processes, assigning tasks, guiding behaviour and otherwise directing the company in such a way that it can achieve its objectives without making substantial errors, sustaining losses, committing or becoming a victim of fraud, or violating any laws and regulations.

At the same time, it is recognised that proper and effective risk management and control systems provide no guarantees that objectives will be achieved, nor can they entirely prevent substantial errors, losses, fraud or the violation of laws and regulations. In the year under review, we analysed and evaluated the control environment, including the risks to which Deloitte is exposed, and made significant progress towards implementing our new Enterprise Risk Management model.

## In-control statement

The Executive Board believes that its internal risk management and control systems provide a reasonable degree of certainty that the financial report does not contain any material inaccuracies and that these internal control systems worked properly in the year under review. Notwithstanding this, during the year, the Executive Board continued to assess its risk management methods and process through an Enterprise Risk Management model we refer to as the Quality Control Framework (QCF).

Through this framework we are consistently analysing and evaluating our internal control systems, with the aim of embedding a joint vision for quality in our culture, in a measurable way. In the year, the QCF was implemented across all functions and through the central organisation. We have continued to work towards refining or modifying some of the systems in this framework based on our ongoing evaluation of its efficacy.

Taking the above into consideration, and barring unforeseen circumstances, we believe there is no reason that the internal risk management and control system will not continue to work properly in the current year.

Based on the requirements of the Audit Firms Supervision Act, audit companies must monitor the quality of the statutory auditing activities they perform and the accuracy of the statements they issue relating to company accounts. In accordance with Article 23.1 of the aforementioned Act, the Executive Board of Deloitte Accountants B.V. has appointed a Compliance Officer and a Deputy Compliance Officer. They report to the Executive Board and to the Audit Function Leader.

The duties of the Compliance Officer are described in the Group Management Statutes and further defined in the Deloitte Policy Manual. The same Act requires audit companies to be in possession of a permit to carry out "statutory audits", which Deloitte obtained as of October 1, 2007. In accordance with Article 30 of the Accountants' Organisations (Supervision) Act, audit companies are obliged to draw up a transparency report. Deloitte publishes its annual transparency report on its public website.

In the second half of 2011, a regular inspection was conducted by the Netherlands Authority for the Financial Markets (AFM) of the Big 4 Audit firms which was focused on independence and remuneration. The subsequent report has been used by the AFM as part of the broader regulatory discussion taking place about the audit sector in the Netherlands.

### **The future of audit**

In 2012, the Dutch parliament started a discussion on a number of regulatory initiatives for the audit profession and audit firms, in response to a Green Paper initiative published by the European Commission (EC). Based on the findings of this report, the Dutch Parliament is likely to approve measures that will have a fundamental impact on the local audit industry and its ability to play a more fundamental role in flagging both financial

and non-financial risks that threaten the stability of a company.

At Deloitte, we realise that we must meet the changing expectations of society on the future role of the auditor. We are therefore actively participating in these discussions and welcome measures that will enhance quality and independence of the audit role, and increase its ability to identify the aforementioned risks.

Our actions to address these issues from a risk management perspective are as follows:

1. Quality is a license to operate: we are taking significant actions to ensure we deliver top quality audits in a consistent manner. Constant monitoring form the basis for strengthening and improving our audit quality. Our Transparency Report provides more details of our actions in this area.
2. An elaborate dialogue with our most relevant stakeholders regarding their expectations is the basis for mutual commitment and trust in the future role of the auditor. We have started this dialogue in which we appoint the following themes (1) reporting regarding the outcome of the audit to supervisory bodies and the regulators and the relationship between the auditors and the supervisory bodies (2) the scope of the audit, where stakeholders are looking for more focus on risk management, sustainability of business models and integrated reporting (non-financials). Part of this dialogue is the publication of studies in which we present the current status of risk reporting by companies and give recommendations on how to enhance and strengthening the risk reporting by companies.
3. We are actively involved in the discussion about the issues of audit quality and independence on a national and European level. We strongly support a solid and transparent system of regulation and monitoring, which adequately secures the interests of society, but is based on a widely accepted European denominator.

Deloitte will continue to participate in a constructive manner in this debate in consideration of the interests of its most important stakeholders, including our clients and our people. For more information about Deloitte's position in these discussion please refer to this Report from the Executive Board and to our Transparency Report.

# Corporate Governance

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

## **The Dutch Corporate Governance Code**

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

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

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

### **Supervisory Board**

The composition of Deloitte's Supervisory Board differs from that recommended in the Dutch corporate governance code in that the Board also includes up to three internal members, who are Deloitte shareholders working within the company. Pursuant to the articles of association, the majority of the members are external members. All external members currently in office are independent members. Mr. F.G.H. Deckers, who has recently been appointed is, although an external member, not independent within the meaning of the code, due to his position of CEO of Van Lanschot Bankiers NV. All members of the Supervisory Board are appointed by the General Meeting of Shareholders on the recommendation of the Supervisory Board, according to the procedure laid down in the Articles of Association. Specific rules and procedures have been drawn up to resolve any conflict of interest that may arise between an internal member's duties as a member of the Board and the member's interest as a shareholder. Internal members receive no remuneration for their activities as members of the Supervisory Board.

### **Best practice**

Given the nature of the company, some of the best practices required by the Dutch corporate governance code cannot be applied in identical form within Deloitte. This includes best practice with regards to taking protective measures against takeovers, the certification of shares, the publication of price-sensitive information and the information supplied to and discussions held with parties in the financial markets. Furthermore, neither Executive Board nor Supervisory Board members are granted share options.

The NBA, the Dutch auditing professional body and a number of major audit firms, including Deloitte Accountants B.V., have recently agreed on a Governance Code for audit firms, introducing a public interest committee (PIC), consisting of a majority of independent non-executives. Deloitte supports this Code, which fits perfectly well in Deloitte's present governance structure. For many years now, Deloitte has a supervisory board consisting of a majority of external non-executive directors. Supervision with respect to the firm's conduct in important areas such as quality,

risk management, remuneration and public interest has been and will continue to be a priority issue for the supervisory board. The board intends to concentrate these areas in a specialized Supervisory Board Committee, once the NBA's draft recommendations become definitive.

#### **Executive Board**

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

Responsibilities within the Executive Board are allocated as follows:

**Mr. P.J. Bommel**

Chief Executive Officer, Managing Partner Audit

**Mr. C.J.G.M. de Boer**

Chief Finance Officer, Chief Operations Officer

**Mr. R.A.J. Roovers**

Managing Partner Tax

**Mr. M. van Vliet**

Managing Partner Consulting

**Mr. W.L. Smit**

Managing Partner FAS

**Mrs. S.H.C. Heuts**

Managing Partner Clients & Markets Industries

**Mr. M. Beelen**

Managing Partner Clients & Markets Region

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

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

#### **Avoiding conflicts of interest**

No member of the Executive Board takes part in discussions or decision-making processes that might give rise to a conflict of interest between the Board member and Deloitte. In such cases Deloitte is normally represented by another person, who is appointed specifically for this purpose by the Supervisory Board. No transactions involving any potential or real conflict of interest, as defined by the Dutch corporate governance code, took place in the year under review. The remuneration granted to members of the Executive Board for their services is determined by the Supervisory Board.

### **Supervisory Board**

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

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

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

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

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

The Dutch auditing professional body has issued best practice recommendations on the role of the Supervisory Board and how they should conduct their function. It says that one of the committees of the Supervisory Board should be a quality committee focused on everything to do with Audit.

#### **Appointment of Supervisory Board member**

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

### **General Meeting of Shareholders**

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

#### **External auditor**

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

As far as applicable laws and regulations allow, the appointment and remuneration of the external auditor are approved by the Supervisory Board, on the recommendation of the Audit Committee and after discussions with the Executive Board. The same procedure applies to the performance of any non-audit activities by the external auditor. At least once every four years, the Executive Board and the Audit Committee evaluate the performance of the external auditor, paying particular attention to any other business relations the auditor maintains. The main conclusions of this evaluation are then submitted to the General Meeting of Shareholders as part of the procedure for the appointment or re-appointment of the external auditor. The external auditor attends at least that part of the Supervisory Board meeting in which the external auditor's report on the financial statements is discussed and in which a decision is made as to whether to approve them. The external auditor attends the meeting and is authorised to speak.

#### **International association**

Deloitte Holding B.V. is the Netherlands' member firm of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee (reference is made to [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms). In July 2010,

the legal structure of the network was transferred from 'Deloitte Touche Tohmatsu Verein', an association established under the laws of Switzerland, to DTTL. The member firms of DTTL are all separate and independent legal entities and provide (through their affiliates) services in a certain geographic area subject to applicable local law and regulations.

Rotterdam, July 18, 2012

#### **Executive Board**

**Mr. P.J. Bommel**

Chief Executive Officer, Managing Partner Audit

**Mr. C.J.G.M. de Boer**

Chief Finance Officer, Chief Operations Officer

**Mr. R.A.J. Roovers**

Managing Partner Tax

**Mr. M. van Vliet**

Managing Partner Consulting

**Mr. W.L. Smit**

Managing Partner FAS

**Mrs. S.H.C. Heuts**

Managing Partner Clients & Markets Industries

**Mr. M. Beelen**

Managing Partner Clients & Markets Region

# Report from the Supervisory Board

---

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

The Supervisory Board is composed of both internal and external members with a majority of its seats for external members. While retaining joint responsibility, the Supervisory Board has assigned a number of its specific tasks to four sub-committees:

- Audit Committee
- Partner Matters Committee
- Remuneration Committee
- Selection and Nomination Committee

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

Deloitte Accountants B.V. has recently signed an agreement with the NBA, the Dutch auditing professional body, to implement the Governance Code for audit firms, adopted in June 2012, in the course of the next twelve months. The Board is currently investigating different options for incorporating a Public Interest Committee in its structure.

## Composition of the Supervisory Board

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

During the 2011/2012 financial year, two internal members; Messrs. F.G. Barnard and F.R. Herreveld, were succeeded by Mrs. A.J.L.M. van Berkel and Mr. C.A.M. Renne.

During the shareholders meeting of June 22, 2012, the Chairman of the Board, Mr. A. Verberk, resigned. The shareholders meeting of June 22, 2012 elected Messrs. F.G.H. Deckers and A.F. van der Touw as new members of the Board. Mr. Deckers has succeeded Mr. Verberk as Chairman of the Board. Mr. Van der Touw will formally join the Board as per October 1, 2012.

The Board would like to express its gratitude to Messrs. Barnard, Herreveld and Verberk for their valuable contribution to the Supervisory Board.

<b>Members of the Supervisory Board</b>	<b>Internal/External</b>	<b>End of Term</b>
Mr. F.G.H. Deckers, Chair	External	2016
Mr. J.C. Kombrink	External	2012
Mrs. J. Schraeverus	External	2014
Mr. A.F. van der Touw <sup>1)</sup>	External	2016
Mrs. A.J.L.M. van Berkel	Internal	2015
Mr. J.G.C.M. Buné, vice-Chair	Internal	2012
Mr. C.A.M. Renne	Internal	2016

<sup>1)</sup> Member as of October 1, 2012, subject to approval by the AFM.

#### **Audit Committee**

Mr. J.C. Kombrink, Chair  
 Mr. J.G.C.M. Buné  
 Mr. C.A.M. Renne  
 Mr. A. Verberk (until June 2012)

#### **Partner Matters Committee**

Mr. F.G.H. Deckers, Chair  
 Mr. F.G. Barnard (until June 2011)  
 Mr. J.G.C.M. Buné  
 Mr. F.R. Herreveld (until January 2012)  
 Mr. C.A.M. Renne  
 Mrs. J. Schraeverus  
 Mr. A. Verberk (until June 2012)

#### **Remuneration Committee**

Mrs. J. Schraeverus, Chair  
 Mr. F.G. Barnard (until June 2011)  
 Mrs. A.J.L.M. van Berkel  
 Mr. J.G.C.M. Buné  
 Mr. F.G.H. Deckers  
 Mr. A. Verberk (until June 2012)

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

Mr. F.G.H. Deckers, Chair  
 Mr. F.G. Barnard (until June 2011)  
 Mrs. A.J.L.M. van Berkel  
 Mr. F.R. Herreveld (until January 2012)  
 Mr. J.C. Kombrink  
 Mrs. J. Schraeverus  
 Mr. A. Verberk (until June 2012)

## Background information on the members of the Supervisory Board

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

Member since 2012

#### *Profession/principal employment*

Mr. Floris Deckers is CEO of Van Lanschot Bankiers in the Netherlands. He has been in this position since 2004 and he will be retiring by the end of 2012. Mr. Deckers has built his longstanding career in the banking sector since 1975. For many years he worked with ABN Amro Bank in different roles, both in the Netherlands and abroad. He has worked for the bank in Asia, Europe and Latin America.

#### *External positions and activities*

- Member of the Supervisory Board of SBM Offshore
- Member of the Supervisory Board of IBM Netherlands
- Member of the Oversight Board of the Vlerick School of Management in Gent/Leuven
- Member of the Advisory Board of the Alzheimer Foundation
- Member of the Advisory Board of the Wilhelmina Child Hospital
- Member of the Supervisory Board of the Dutch Foundation of Jumping Horses

### Mr. J.C. Kombrink (1946)

Member since 2004

#### *Profession/principal employment*

From 1994 to 2002, Mr. Hans Kombrink served as Alderman in Rotterdam, responsible for urban planning, land and art and later served as Acting Mayor of Zaanstad (until January 2005).

#### *External positions and activities*

- Former MP, former member of the Executive of the Dutch Labour Party (PvdA), former State Secretary for Finance, former Director-General of the Ministry of Defence
- Member of the Supervisory Board of S.B. National Pilot Service
- Member of the Supervisory Board of Humanitas
- Chairman of various cultural institutes

### Mrs. J. Schraeverus (1956)

Member since 2010

#### *Profession/principal employment*

Mrs. Jeltje Schraeverus is CEO of Executive Board of the Flevoziekenhuis in Almere

#### *External positions and activities*

- Chair of the Supervisory Board of Fair Trade Original
- Member of the Supervisory Board of Magenta
- Member of the Supervisory Board of Yarden

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

Appointed as per October 1, 2012 subject to AFM approval.

#### *Profession/principal employment*

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

#### *External positions and activities*

- Member of the Strategic Advisory Board of TNO
- Member of the Oversight Board of the The Hague Centre for Strategic Studies
- Chairman of the Oversight Board of the Center for Medical Imaging North-East Netherlands
- Member of the Advisory Board of the Beta Technology Platform
- Vice-Chairman of the Board of FME/CWM
- Member of the Board of VNO/NCW
- Chairman of the Oversight Board of the Dutch Dance Theater
- Member of the German-Dutch Chamber of Commerce

### Mr. J.G.C.M. Buné (1953)

Member since 2008 and vice-Chairman of the Board since 2011

#### *Profession/principal employment*

Mr. Jan Buné is a partner in the financial services audit practice of Deloitte Accountants in Amsterdam. He has 38 years of experience in providing audit and business advisory services to clients in both the technology, media and telecommunications sector (TMT) and the financial services sector (FSI). In addition to his client work he is responsible for the Deloitte Executive

Program which is providing thought leadership insights on topics relevant to the agenda of Executive Boards and Non-Executive Boards. He is also a member of the Corporate Governance advisory practice of Deloitte.

*External positions and activities*

- Member of the Advisory Board of the Fiber to the Home (FttH) Platform in the Netherlands.
- Chairman of the Advisory Committee on Governance, Risk & Compliance (GRC) of the Dutch Institute of Accountants (NBA).

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

Member since 2011

***Profession/principal employment***

Mrs. Ardie van Berkel is leading the Human Capital practice of Deloitte Consulting in Amstelveen. She has 25 years of experience as management consultant on strategic and operational human capital matters. She has served a wide range of clients in both the public and the private sector.

*External positions and activities*

- Member of the global Human Capital Leadership team in Deloitte.

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

Member since 2012

***Profession/principal employment***

Mr. Carlo Renne is a partner at Deloitte Accountants in Amsterdam. He has 24 years of experience serving a range of mid-market clients in the private sector with audit and assurance services. He is also program leader for the Deloitte Technology Fast50 program in the Netherlands, aimed at fast growing technology companies.

**Mandate**

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

The tasks of the Supervisory Board and the sub-committees include the supervision of the Executive Board with respect to:

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

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

### Highlights of the work of the Supervisory Board during the financial year 2011/2012

- The Supervisory Board had 18 meetings during the financial year 2011/2012, which was substantially more than average. The main reason for this was the attention which was required for the succession of Mr. R.J.M. Dassen as Chairman of the Executive Board together with the development and implementation of a new top management structure for the firm. This was combined with the selection and appointment of a largely new and expanded Executive Board, bringing together the matrix structure of the firm in the boardroom.
- In September 2011 Messrs. J. Volkers and C.J.G.M. de Boer were reelected as members of the Executive Board. At the end of October, Mr. J. Volkers decided to step-down from the Executive Board and has taken a leading role in the development of the Deloitte University Europe.
- The development and implementation of a new top management structure, together with the selection and nomination of a new Executive Board was done during the period June 2011 until January 2012. On the basis of an extensive sounding process among the partners of the firm, Messrs. P.H. Meeter and P.J. Bommel were elected in December 2011 as Chairman and vice-Chairman. In January 2012 the following additional members of the Executive Board were elected: Mrs. S.H.C. Heuts and Messrs. M. Beelen, R.A.J. Roovers, W.L. Smit, M. van Vliet. In the new setting the Executive Board brings together the full matrix of the firm: Functions, Finance & Control, Operational Support and Clients & Markets in order to enhance the execution of the "As One" strategy of the firm.
- In March 2012 Mr. P.H. Meeter stepped down from his position as CEO and Executive Board Member as a result of an infringement of international independence rules for the partners of the firm. As soon as the Supervisory Board was informed about the findings of an internal expectation, the Board engaged an external expert to further investigate these findings and consequently addressed the violation in accordance with applicable internal and external compliance guidelines.
- Based on a sounding among the partners with leadership roles in the firm, the Supervisory Board has proposed to the partners/shareholders meeting in June 2012 to appoint Mr. P.J. Bommel as the new Chairman of the Executive Board. Mr. Bommel has been appointed as Chairman with the strong support of the partners/shareholders. In September 2012 the Supervisory Board will nominate a candidate for the role of member of the Executive Board, responsible for the Function Audit.
- Early 2012 the Supervisory Board has organized an outside-in assessment of the performance of the Supervisory Board as a whole and all of its members. The assessment has been performed by two former partners of the firm, with a strong reputation for their objectivity and integrity. Based on the recommendations from this assessment the Supervisory Board has developed an action plan for the further improvement of the performance of the Board.
- Throughout the year the Board has discussed the potential impact of the regulatory developments, both at a national and European level, with respect to the audit profession. Deloitte Netherlands has taken an active role in the dialogue with relevant stakeholders of the audit practice to discuss the potential consequences of the contemplated European and national legislation with respect to auditor independence and audit firm rotation. The Board is considering the installation of a Public Interest Committee in line with the proposed Audit Firm Governance Code in the Netherlands, as a sub-committee of the Supervisory Board.
- The Board has discussed and supports the HR policy of the firm for the coming years as prepared by the Executive Board, including the participation of the firm in the Deloitte Europe initiative to develop the Deloitte University Europe to train our partners and staff.
- The board supports the enhancement and the execution of the 'As One' strategy and has discussed the initiatives taken by the Executive Board to strengthen our As One culture.
- The Board has discussed the progress of the development of a new office building in Amsterdam which would enable the firm to centralize the Amsterdam and Amstelveen practices on a new office location in the business district of Amsterdam.
- The Board has discussed and approved the updated long term strategy of the firm, called "As One" as well as the financial performance in the financial year 2011/2012 and the budget for the year 2012/2013.

- The Board has discussed the relevance of the Innovation Center of the firm for the strategic objectives of the firm. This also includes a more long-term view on the funding of these activities and the capitalization on the results achieved.
- The Board supports the participation of the firm in Deloitte EMEA, focused on joint market approach initiatives by the Deloitte member firms in EMEA.
- Recurring topics discussed by the Board were:
  - The general economic developments and the trends in the market,
  - The monthly financial performance of the firm,
  - Quality assurance,
  - Risk and reputation management
  - Compliance with relevant professional regulations.

#### Report of the Audit Committee

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

The AC had six meetings during the financial year 2011/2012 and reported its findings and comments to the full Supervisory Board during the regular meetings of the Board. The CFO/COO, the Controller and the internal Auditor attended all AC meetings. The external Auditor attended two meetings to discuss the audit plan and the audit findings and recommendations. In addition, the external Auditor met with the AC to discuss any topics in the absence of the Executive Board and the financial management team.

The following areas were discussed by the AC during 2011/2012:

- Financial performance of the firm with the CFO, both at an aggregate level and for the different Functions;
- Internal and external audit findings, including the follow-up on recommendations made by the internal and external auditors;
- Long-term perspective of the extended delivery of

standardised audit work by Deloitte US India;

- Accounting for research and development costs through our Innovation Center;
- Risk management through the risk control framework;
- Tax matters through the tax control framework and in cooperation with the Tax Committee.

#### Report of the Partner Matters Committee

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

The PMC discussed a limited number of appeals by individual partners regarding their classification in the 2011/2012 partner remuneration system.

#### Report of the Remuneration Committee

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

In June 2011, the RC discussed the remuneration of the former Chairman of the Executive Board, Roger Dassen, in his new role as Global Managing Director Clients, Services & Talent and member of the Global Executive Committee of Deloitte Touche Tohmatsu Ltd.

In April 2012, the RC discussed the future remuneration policy for the Executive Board, in particular the proposed alignment between the remuneration of senior partners in the firm and the introduction of position-related profit units for each of the Board members.

In April and May 2012, the RC discussed the performance of each member of the Executive Board during the financial year 2011/2012. The target setting for 2012/2013 of each member of the Executive Board was finalised in June 2012.

#### Report of the Selection and Nomination Committee

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

The work of the SNC during the financial year 2011/2012 was dominated by the selection and nomination of members of the Executive Board. On the basis of outlined design criteria, a call for candidates, an extensive consultation process that included a survey of all partners and personal interviews with a large number of them, followed by an assessment of all selected candidates by a specialised advisory firm. The SNC subsequently prepared the nomination, by the full Supervisory Board, of the new members of the Executive Board.

Following the decision by the Chairman, Mr. P.H. Meeter, to step down from his position as CEO and Executive Board member in March 2012, the SNC performed a consultation with partners in a leadership position to prepare the nomination by the shareholders meeting in June 2012 of Mr. Bommel, as the new Chairman of the firm.

The SNC developed a draft procedure for the selection and nomination of members of the Executive Board with a dedicated responsibility for one of the functions: Audit, Consulting, FAS and Tax or for Industries/Regions. The procedure was approved by the shareholders meeting of June 2012 and will be applied for the selection of a new member of the Executive Board responsible for the function Audit.

In addition, the SNC prepared the selection and nomination of Mr. F.G.H. Deckers and Mr. A.F. van der Touw as new members of the Supervisory Board elected in the June 2012 shareholders meeting.

#### **Financial statements 2011/2012**

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

The Board has approved the financial statements and recommends the shareholders to adopt the 2011/2012 financial statements.

#### **Appreciation**

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

Rotterdam, July 18, 2012

Supervisory Board

Mr. F.G.H. Deckers, Chair  
Mr. J.C. Kombrink  
Mrs. J. Schraeverus  
Mr. J.G.C.M. Buné, vice-Chair  
Mrs. A.J.L.M. van Berkel  
Mr. C.A.M. Renne



# Consolidated financial statements

## Consolidated balance sheet as of 31 May 2012

(before result appropriation)

Assets (in € thousands)	Note	31 May 2012	31 May 2011
<b>Fixed assets</b>			
Intangible fixed assets	[1]	12,623	14,265
Tangible fixed assets	[2]	42,859	51,680
Financial fixed assets	[3]	1,718	1,127
		<u>57,200</u>	<u>67,072</u>
<b>Current assets</b>			
Receivables and prepayments	[4]	168,871	172,097
Cash and cash equivalents		26,332	24,515
		<u>195,203</u>	<u>196,612</u>
		<u>252,403</u>	<u>263,684</u>
<b>Liabilities (in € thousands)</b>			
Group equity *	[5]	6,650	7,150
Provisions	[6]	9,566	12,249
Long-term liabilities:	[7]		
Subordinated loans Stichting Financiering Deloitte *		110,057	105,161
Deferred income		11,260	12,943
		<u>121,317</u>	<u>118,104</u>
Current liabilities and accruals	[8]	114,870	126,181
		<u>252,403</u>	<u>263,684</u>

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

\*) The group equity and the subordinated loans represent the group's capital base €116,707 (31 May 2011 €112,311), see note 7.

**Consolidated profit and loss account for the period 1 June 2011 to 31 May 2012**

in € thousands	Note	2011/2012	2010/2011
<b>Net turnover</b>	[9]	<b>637,784</b>	631,968
Own production capitalised		1,538	-
Other operating income	[10]	166	721
<b>Total operating income</b>		<b>639,488</b>	632,689
Costs of subcontracted work and other external costs		59,420	48,598
Salaries and social security charges	[11]	283,324	283,252
Amortisation of intangible and depreciation of tangible fixed assets	[12]	19,046	19,827
Impairments of in-/tangible fixed assets		-	539
Other operating expenses	[13]	170,528	174,913
<b>Total operating expenses</b>		<b>532,318</b>	527,129
<b>Operating result</b>		<b>107,170</b>	105,560
Share in result of non-consolidated associated companies		34	35
Financial income and expenses	[14]	(7,919)	(6,839)
<b>Result from ordinary activities before taxation</b>		<b>99,285</b>	98,756
Taxation on result on ordinary activities	[15]	(460)	(557)
Shareholders' Associate Fee	[16]	(98,825)	(98,199)
<b>Net result</b>		<b>-</b>	-

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

## Consolidated cash flow statement for the period 1 June 2011 to 31 May 2012

(Prepared using the direct method)

in € thousands	2011/2012		2010/2011	
Receipts from customers	637,113		634,647	
Payments to suppliers and personnel	(515,620)		(501,507)	
<b>Cash flow from business activities</b>		<b>121,493</b>		<b>133,140</b>
Interest received	384		497	
Interest paid	(8,544)		(7,201)	
Dividend received	34		35	
Corporate income tax paid	(180)		(455)	
		(8,306)		(7,124)
<b>Cash flow from operating activities</b>		<b>113,187</b>		<b>126,016</b>
Investments in intangible fixed assets	(1,717)		(1,000)	
Investments in tangible fixed assets	(7,531)		(18,471)	
Disposal of tangible fixed assets	248		1,127	
Investments in other financial fixed assets	(506)		(374)	
Repayment of other financial fixed assets	25		5	
<b>Cash flow from investment activities</b>		<b>(9,481)</b>		<b>(18,713)</b>
Stichting Financiering Deloitte:				
- Shareholders' Associate Fee	(98,825)		(98,199)	
- Increase in subordinated loans	-		1,653	
- Decrease in subordinated loans	(4,240)		-	
- Changes in current account	1,676		(20,583)	
Net cash outflow to associates	(101,389)		(117,129)	
Cancellation of shares	(500)		-	
<b>Cash flow from financing activities</b>		<b>(101,889)</b>		<b>(117,129)</b>
<b>Net cash flow</b>		<b>1,817</b>		<b>(9,826)</b>
Cash/net bank debt at start of financial year		24,515		34,341
Net cash flow		1,817		(9,826)
<b>Cash at end of financial year *</b>		<b>26,332</b>		<b>24,515</b>

\* Cash at end of financial year relates to cash and cash equivalents and the amount owed to credit institutions.

## Notes to the consolidated financial statements

### General

#### *Activities*

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

#### *International relationships*

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

#### *Group relationships*

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

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

#### *Shareholders' structure*

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

In addition, Stichting Financiering Deloitte holds shares in Deloitte Holding B.V. acquired from former shareholders on a temporary basis. In the past, Stichting Financiering Deloitte has refrained from exercising the right to vote on shares it holds. Under the Associate Agreement, each shareholding company has placed (the workforce of) each partner at the disposal of Deloitte Holding B.V. and its group companies in which the relevant professional activities for that partner are performed. An Associate Fee is payable that is equal to the net amount of operational and financial income and expenses of the company before this fee is charged. This fee is recognised as an expense therefore resulting in a net profit amounting to nil.

#### *Financing structure and Stichting Financiering Deloitte*

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

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

#### *Stichting InterNos*

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

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

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

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

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

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

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

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

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

### **Changes in accounting policies**

This year there have been no changes in accounting policies.

### **Foreign currencies**

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

## **Accounting principles for the valuation of assets and liabilities**

### ***Intangible fixed assets***

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

### ***Tangible fixed assets***

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

### ***Financial fixed assets***

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

### ***Receivables and prepayments***

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

### ***Pension schemes***

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

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

For the following commitments and liabilities a provision is maintained:

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

The main actuarial assumptions are explained under 'Provisions'.

### **Provisions**

The provisions relate to professional liability, pensions, reorganisations, unoccupied premises contracts and dismantling costs and health insurance compensation. The provision for professional liability relates to the estimated liabilities from claims. This provision is calculated per claim based on the estimated future expenditure, including the cost of obtaining legal advice, subject to a maximum amount per claim equal to the uninsured own risk. The provision for unoccupied premises relates to offices not used or that will not be used in the short term and is calculated based on the term of vacancies and possible rent-free periods, this provision is calculated at net present value using a discount rate of 0.9%. The provision for the dismantling costs based on a straight line addition. The provision for reorganisation is based on the cost of staff redundancies, in accordance with the reorganisation plan. The health insurance compensation provision provides an allowance towards health insurance contributions for some retired personnel.

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

### **Long-term liabilities**

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

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

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

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

The Associate Fees for services rendered are recognised as operating costs in the profit-and-loss account. As per the requirements of Article 362, paragraph 4, Title 9 of the Netherlands Civil Code 2, the provisions of the financial statements Formats Decree have not been

followed in the financial statements and the Associate Fees are presented separately as the last item in the profit-and-loss account. The Associate Fees to be paid to shareholders through Stichting Financiering Deloitte are treated as operating expenses for tax purposes. As a consequence the amount of corporation tax paid is limited, reference is made to note 15.

### **Net turnover**

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

### **Operating expenses**

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

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

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

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

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

The cash flow statement is prepared using the direct method.

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

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

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

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

### 1) Intangible fixed assets

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

in € thousands	Goodwill *)	Development costs ***)	Total
Acquisition cost as of 1 June 2011	50,828	-	50,828
Accumulated amortisation and impairments as of 1 June 2011	(36,563)	-	(36,563)
Book value as of 1 June 2011	14,265	-	14,265
Capitalised development costs	-	1,538	1,538
Acquisition **)	(71)	-	(71)
Amortisation	(2,981)	(128)	(3,109)
<b>Book value as of 31 May 2012</b>	<b>11,213</b>	<b>1,410</b>	<b>12,623</b>
Accumulated amortisation and impairments as of 31 May 2012	(39,544)	(128)	(39,672)
Acquisition cost as of 31 May 2012	50,757	1,538	52,295
Amortisation percentage	6 2/3%	20%	

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

\*\*\*) The transaction qualifies as a business combination and has been recognised applying the acquisition method whereby all assets and liabilities are valued at fair value as per acquisition date. The acquisition price (including estimated future earn out payments) has been adjusted from €1,250 to €1,179, of which €1,000 has been paid during last financial year. Final payment of €179 has been paid during this financial year.

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

## 2) Tangible fixed assets

The movements in the tangible fixed assets are as follows:

in € thousands	Leasehold improvements, fixtures and fittings	Office equipment	Other fixed assets	Fixed assets under construction	Total
Acquisition cost as of 1 June 2011	56,204	29,912	76,748	438	163,302
Accumulated depreciation and impairments as of 1 June 2011	(32,505)	(20,354)	(58,763)	-	(111,622)
Book value as of 1 June 2011	23,699	9,558	17,985	438	51,680
Acquisitions	1,763	945	1,776	3,047	7,531
	25,462	10,503	19,761	3,485	59,211
Book value of assets disposed of	(117)	(85)	(213)	-	(415)
Depreciation	(5,265)	(2,394)	(8,278)	-	(15,937)
<b>Book value as of 31 May 2012</b>	<b>20,080</b>	<b>8,024</b>	<b>11,270</b>	<b>3,485</b>	<b>42,859</b>
Accumulated depreciation and impairments as of 31 May 2012	(36,875)	(22,161)	(65,152)	-	(124,188)
Acquisition cost as of 31 May 2012	56,955	30,185	76,422	3,485	167,047
Depreciation percentages	10%	10%	12 1/2%		
	20%		14 2/7%		
			20%		
			33 1/3%		
			50%		

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

### 3) Financial fixed assets

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

in € thousands	Other participating interests	Other receivables	Total
Book value as of 1 June 2011	760	367	1,127
Movements:			
Investments	452	54	506
Interest accrual	-	37	37
Repayments	-	(25)	(25)
Share in result of participating interests	34	-	34
Dividend received	(34)	-	(34)
Exchange rate differences	-	73	73
<b>Book value as of 31 May 2012</b>	<b>1,212</b>	<b>506</b>	<b>1,718</b>

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

### 4) Receivables and prepayments

in € thousands	31 May 2012	31 May 2011
Accounts receivable	110,886	111,303
Unbilled amounts for client work	43,534	44,287
Tax and social security contributions	1,242	2,495
Other receivables and prepayments	13,209	14,012
	<b>168,871</b>	<b>172,097</b>

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

### 5) Group equity

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

## 6) Provisions

in € thousands	Professional liability	Unoccupied premises/ dismantling costs	Reorganisation	Health insurance compensation	Pensions	Total
Balance as of 1 June 2011	3,515	2,773	4,110	34	1,817	12,249
Additions	1,949	708	2,815	1	-	5,473
Charged	(1,811)	(947)	(3,578)	(7)	(257)	(6,600)
Released	(571)	(130)	(466)	-	(389)	(1,556)
<b>Balance as of 31 May 2012</b>	<b>3,082</b>	<b>2,404</b>	<b>2,881</b>	<b>28</b>	<b>1,171</b>	<b>9,566</b>

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

## 7) Long-term liabilities

### Stichting Financiering Deloitte

#### Subordinated loans

The subordinated loans can be specified as follows:

in € thousands	31 May 2012		31 May 2011	
	Total	Interest rate	Total	Interest rate
Subordinated loans Stichting Financiering Deloitte after deduction of repayments in the following year	110,057	5.35%	105,161	4.93%

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

in € thousands	31 May 2012	31 May 2011
Subordinated loans Stichting Financiering Deloitte	3,265	12,400

Shareholders who enter into an Associate Agreement with the company are obliged to grant a subordinated loan to Stichting Financiering Deloitte. In turn this Foundation grants a subordinated loan for the same amount to the company. The loans amount to €110,057 as per 31 May 2012 (31 May 2011: €105,161) and are subordinated to all existing and future liabilities of the company and, together with the group equity, make up the capital base of the company.

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

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

#### Deferred income

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

## 8) Current liabilities and accruals

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

in € thousands	31 May 2012	31 May 2011
Tax	32,916	36,469
Salaries and other personnel costs	25,164	26,308
Accounts payable	24,838	20,841
Stichting Financiering Deloitte	11,466	14,091
Stichting InterNos	7,800	3,500
Repayments on long-term loans in the following year	3,265	12,400
Liabilities for pensions	-	1,222
Other liabilities and accruals	9,421	11,350
	<b>114,870</b>	<b>126,181</b>

### Amounts owed to credit institutions

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

As of 31 May 2012 Deloitte was in compliance with the covenants in the credit agreements. The securities set consist of the joint and several liability of Deloitte Accountants B.V., Deloitte Belastingadviseurs B.V., Deloitte Consultancy Holding B.V., Deloitte Consulting B.V., Deloitte Financial Advisory Services B.V., Deloitte Group Support Center B.V., Deloitte Management Support B.V. and Deloitte Forensic & Dipute Services B.V. (formerly Deloitte Bijzonder Onderzoek & Integriteitsadvies B.V.)

## Off balance sheet commitments

### *Lease and rental obligations*

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

in € thousands	31 May 2012	31 May 2011
Within 1 year	78,000	67,000
Between 1 and 5 years	208,000	114,000
After 5 years	113,000	42,000
	<hr/> 399,000	<hr/> 223,000

The main reason of the increase in lease and rental obligations is a new rental agreement for our new office in Amsterdam and a renewal of the facility contract as mentioned below.

### **Facility services**

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

### **Membership**

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

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

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

## **Guarantees**

### ***Deloitte Touche Tohmatsu Verein***

The Company and its material subsidiaries act as guarantor for certain bank debts of Deloitte Touche Tohmatsu, a Swiss verein of which the Company is a member ('Verein'), to a maximum amount, as of 31 May 2012, of USD 15,000, in euro 12,000 (31 May 2011 USD 22,000, in euro 16,000). In connection with this guarantee, the Company and its material subsidiaries: (i) have pledged their present and future receivables on Verein to certain banks ('Verein Banks') who act as lenders to Verein, (ii) have agreed to a subordination of their present and future receivables on Verein to the Verein Banks' receivables on Verein and (iii) have agreed certain covenants regarding the balance sheet and certain securities covenants including a negative pledge covenant with respect to assets in excess of €30,000 and to the granting of securities to the Verein Banks with respect to assets in excess of €30,000 in the event of default under the Company's credit agreement with ING and Rabobank.

### ***Stichting InterNos***

Stichting InterNos was granted bankloans amounting to €120,000 to finance the settlement of goodwill rights. The credit agreement has been renewed in June 2010. After repayments, the loans amount to €84,000 as of 31 May 2012. On a yearly basis €6,000 will be repaid until 31 May 2015 at which time the remaining €72,000 will be redeemed. The effective interest rate on the loan is 4.1%. As security for these loans Deloitte Holding B.V. and its material subsidiaries issued a joint and several liability undertaking. As of 31 May 2012 the total goodwill still to be settled was approximately €18,000 (31 May 2011 €22,000).

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

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

The Company has agreed certain security covenants with Stichting Financiering Deloitte, including a negative pledge covenant as well as the granting of securities at the first request of Stichting Financiering Deloitte. With respect to the ranking of these securities rights, covenants have been agreed between the Company, Stichting Financiering Deloitte, ING and Rabobank (as lenders under the Company's credit facility) and certain banks who are beneficiaries of a guarantee issued by the Company for certain bank debts of Verein (see: 'Guarantees/Deloitte Touche Tohmatsu Verein').

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

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

### ***Bank guarantees***

Bank guarantees amounting to approximately €6,900 (31 May 2011 €7,800) have been issued to third parties.

### ***Other guarantees***

Following past acquisitions guarantees have been agreed for the maximum amount of €10,779 (31 May 2011: €10,779) on balance sheet date.

**Claims**

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

**Financial instruments**

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

**Exchange rate risk**

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

**Interest rate risk**

Interest rate risks relate mainly to:

- short-term credit facilities carrying variable Euribor-based interest with a surcharge;
- subordinated loans, carrying variable Euribor-based interest with a surcharge capped at 8% for the compulsory subordinated loans.
- long-term loans to IHC Interposed Holding Company 1 S.A.S.

Interest rate risks are not hedged.

**Credit risk**

Inherent to the nature of the group's activities is its exposure to credit risk. These risks mainly regard uncollectable debts on debtors, for which adequate provisions have been recognised.

The risk of non-collectability is mainly restricted by the multitude and diversity of parties owing to the group.

**Fair value**

Unless stated otherwise, the estimated fair value of the financial instruments included in the balance sheet as of 31 May 2012 approximate their book value.

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

### 9) Net turnover:

The net turnover breaks down over the functions as follows:

in € thousands	2011/2012	2010/2011
Audit	288,971	311,884
Tax	174,479	181,611
Consulting	125,441	94,827
Financial Advisory Services	44,299	43,134
Innovation	3,483	9
Support/Holding	1,111	503
	<b>637,784</b>	<b>631,968</b>

Net turnover is mainly realised in the Netherlands.

### 10) Other operating income

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

### 11) Salaries and social security charges

in € thousands	2011/2012	2010/2011
Salaries *	232,364	230,297
Social security charges	29,229	27,090
Pension costs **	21,731	25,865
	<b>283,324</b>	<b>283,252</b>

\* Salaries contains €3,064 costs of reduction in personnel headcount (2010/2011 €6,210).

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

## Workforce

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

	2011/2012				2010/2011			
	Partners	Fee earners	Support Staff	Total	Partners	Fee earners	Support Staff	Total
Audit	109	1,757	191	2,057	108	1,957	176	2,241
Tax	77	729	128	934	75	747	128	950
Consulting	32	629	46	707	26	486	36	548
Financial Advisory Services	19	186	14	219	21	186	15	222
Innovation	-	39	2	41	-	23	1	24
Support/Holding	9	-	508	517	7	-	480	487
	<b>246</b>	<b>3,340</b>	<b>889</b>	<b>4,475</b>	<b>237</b>	<b>3,399</b>	<b>836</b>	<b>4,472</b>

Virtually all employees are based in the Netherlands

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

in € thousands	2011/2012	2010/2011
<b>Intangible fixed assets:</b>		
Amortisation	3,109	3,031
<b>Tangible fixed assets:</b>		
Depreciation	15,937	16,796
	<u>19,046</u>	<u>19,827</u>

## 13) Other operating expenses

Other expense can be specified as follows:

in € thousands	2011/2012	2010/2011
Accommodation costs	35,407	36,538
Staff cars *)	33,967	34,912
Employee benefits	28,015	26,169
Office costs **)	11,330	10,718
Other costs **)	61,809	66,576
	<u>170,528</u>	<u>174,913</u>

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

\*\*) Since 2011/2012 telephone costs, part of the Office costs are presented as Other Costs. Also the Information technology expenses are presented as Other Costs. (Comparative figures were restated)

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

in € thousands	2011/2012	2010/2011
Audit of the financial statements	143	126
Other audits	38	38
	<u>181</u>	<u>164</u>

## 14) Financial income and expenses

in € thousands	2011/2012	2010/2011
Interest income and similar income	421	497
Interest paid and similar costs	(8,340)	(7,336)
	<u>(7,919)</u>	<u>(6,839)</u>

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

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

The Associate Fee will be taxed at the shareholder level.

**16) Shareholders' Associate Fee**

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

# Company financial statements

## Company balance sheet as of 31 May 2012 (before result appropriation)

Assets in € thousands	Note	31 May 2012		31 May 2011
<b>Fixed assets</b>				
Financial fixed assets	[1]	96,381		85,198
<b>Current assets</b>				
Receivables and prepayments	[2]	60,619	93,734	
Cash and cash equivalents		26,332	24,479	
		<u>86,951</u>	<u>118,213</u>	
		<b>183,332</b>		<b>203,411</b>
<b>Liabilities in € thousands</b>				
<b>Shareholders' equity</b>				
	[3]			
Issued share capital *)		6,650	7,150	
Statutory reserve		1,410	-	
Other reserves		(1,410)	-	
		<u>6,650</u>	<u>7,150</u>	
				7,150
<b>Long-term liabilities</b>				
	[4]			
Subordinated loans Stichting Financiering Deloitte *)		110,057	105,161	
Deferred income		432	-	
		<u>110,489</u>	<u>105,161</u>	
				105,161
<b>Current liabilities and accruals</b>				
	[5]			
		<u>66,193</u>		<u>91,100</u>
		<b>183,332</b>		<b>203,411</b>

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

\*) The shareholders' equity and the subordinated loans represent the capital base €116,707 (31 May 2011 €112,311).

**Company profit and loss account for the period 1 June 2011 to 31 May 2012**

in € thousands	2011/2012	2010/2011
Share in results of participating interests	56,634	55,526
Other income and expenses after tax	42,191	42,673
	<u>98,825</u>	<u>98,199</u>
Shareholders' Associate Fee	(98,825)	(98,199)
<b>Result after tax</b>	<u>-</u>	<u>-</u>

## Notes to the company financial statements

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

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

### **Financial fixed assets**

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

### **Other income and expenses**

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

## Notes to the specific items on the balance sheet

### 1) Financial fixed assets

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

in € thousands	Participating interests in group companies	Other participating interests	Receivables from group companies	Other receivables	Total
Book value as of 1 June 2011	40,331	758	43,767	342	85,198
Movements:					
Investments	-	452	-	54	506
Interest accrual	-	-	-	37	37
Issued loans	-	-	7,336	-	7,336
Exchange rate differences	-	-	-	73	73
Share in result of participating interests	56,600	34	-	-	56,634
Dividend received	(45,105)	(34)	-	-	(45,139)
Negative equity of participating interest deducted from current account receivables/subordinated loan	3,587	-	750	-	4,337
Repayments on long-term loans in following year	-	-	(12,601)	-	(12,601)
<b>Book value as of 31 May 2012</b>	<b>55,413</b>	<b>1,210</b>	<b>39,252</b>	<b>506</b>	<b>96,381</b>

Amounts owed by group companies are unsecured subordinated loans.

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

## Consolidated companies

The following subsidiaries are included in the consolidated financial statements:

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

## Changes in the financial year under review

### Other changes

On September 9, 2011 Deloitte Pension Advisory B.V. was founded and on June 1, 2012 Business Support Finance IT HR Professionals B.V. changed its name into Deloitte Risk Services B.V., Deloitte Bijzonder Onderzoek & Integriteitsadvies B.V. changed its name into Deloitte Forensic & Dispute Services B.V. and Deloitte Innovation A B.V. changed its name into PXR B.V.

## Other participating interest

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

## 2) Receivables and prepayments

in € thousands	31 May 2012	31 May 2011
Current accounts owed by group companies	40,265	33,230
Other receivables and prepayments	20,354	60,504
	<b>60,619</b>	<b>93,734</b>

Annual interest is charged on the current accounts owed by group companies at approximately 2.8% (last year 2.4%)

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

## 3) Shareholders' equity

### *Issued share capital*

The issued capital of the company amounts to €6,650,000 divided into 266 ordinary (31 May 2011 286) shares of €25,000. By deed of amendment of the articles of association dated 30 May 2008 a new class of shares, Class P shares, has been introduced in May 2008. These Class P shares have the same nominal value and the same voting and other rights as ordinary shares except that, upon liquidation of the company, Class P shares have priority over ordinary shares with respect to repayment of the nominal value of the shares from the liquidation proceeds. A shareholders resolution has been adopted to reduce the company's issued and outstanding share capital by €500,000, by cancellation of 20 Class P shares.

### *Statutory reserve*

During the financial year 2011/2012 Deloitte Holding B.V. capitalized developments costs for project X Ray through its wholly owned subsidiary PXR B.V. for the amount to €1.4 million (after deduction of amortisation charges). In accordance with article 2:365.2 of the Dutch Civil Code a statutory reserve has been recognised. Due to the absence of available undistributed profits and as stipulated by RJ 240.230 the amount of the statutory reserve has been charged to the Other Reserves, resulting in a negative amount.

## 4) Long-term liabilities

The long-term liabilities can be specified as follows:

in € thousands	31 May 2012		31 May 2011	
	Total	Interest rate	Total	Interest rate
Subordinated loans Stichting Financiering Deloitte after deduction of short-term repayment commitments	110,057	5.35%	105,161	4.93%

### **Deferred income**

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

## 5) Current liabilities and accruals

in € thousands	31 May 2012	31 May 2011
Current accounts owed to group companies	27,544	38,602
Tax	15,827	20,831
Stichting Financiering Deloitte	11,466	14,091
Stichting InterNos	7,800	3,500
Repayments on long-term loans in following year	3,265	12,400
Pension liabilities	-	1,222
Other liabilities and accruals	291	454
	<b>66,193</b>	<b>91,100</b>

### Off-balance sheet commitments

#### Tax group

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

#### Lease commitments

The company has entered into long-term leases for premises and operating lease contracts for vehicles.

#### The commitments fall due as follows:

in € thousands	31 May 2012	31 May 2011
Within one year	56,000	50,000
Between one and five years	149,000	107,000
More than five years	113,000	42,000
	<b>318,000</b>	<b>199,000</b>

The main reason of the increase in lease and rental obligations is a new rental agreement for our new office in Amsterdam and a renewal of the facility contract as mentioned below.

#### Facility services

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

### **Membership**

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

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

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

### **Guarantees**

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

### **Deloitte Touche Tohmatsu Verein**

The Company and its material subsidiaries act as guarantor for certain bank debts of Deloitte Touche Tohmatsu, a Swiss verein of which the Company is a member ('Verein'), to a maximum amount, as of 31 May 2012, of USD 15,000, in euro 12,000 (31 May 2011 USD 22,000, in euro 16,000). In connection with this guarantee, the Company and its material subsidiaries: (i) have pledged their present and future receivables on Verein to certain banks ('Verein Banks') who act as lenders to Verein, (ii) have agreed to a subordination of their present and future receivables on Verein to the Verein Banks' receivables on Verein and (iii) have agreed certain covenants regarding the balance sheet and certain securities covenants including a negative pledge covenant with respect to assets in excess of €30,000 and to the granting of securities to the Verein Banks with respect to assets in excess of €30,000 in the event of default under the Company's credit agreement with ING and Rabobank.

### **Stichting InterNos**

Stichting InterNos was granted bankloans amounting to €120,000 to finance the settlement of goodwill rights. The credit agreement has been renewed in June 2010. After repayments, the loans amount to €84,000 as of 31 May 2012. On a yearly basis €6,000 will be repaid until 31 May 2015 at which time the remaining €72,000 will be redeemed. The effective interest rate on the loan is 4.1%. As security for these loans Deloitte Holding B.V. and its material subsidiaries issued a joint and several liability

undertaking. As of 31 May 2012 the total goodwill still to be settled was approximately €18,000 (31 May 2011 €22,000).

### **Stichting Financiering Deloitte**

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

The Company has agreed certain security covenants with Stichting Financiering Deloitte, including a negative pledge covenant as well as the granting of securities at the first request of Stichting Financiering Deloitte. With respect to the ranking of these securities rights, covenants have been agreed between the Company, Stichting Financiering Deloitte, ING and Rabobank (as lenders under the Company's credit facility) and certain banks who are beneficiaries of a guarantee issued by the Company for certain bank debts of Verein (see: 'Guarantees/Deloitte Touche Tohmatsu Verein').

### **The Supervisory Board**

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

### **Bank guarantees**

Bank guarantees amounting to approximately €1,900 (31 May 2011 €2,800) have been issued to third parties.

### **Other guarantees**

Following past acquisitions guarantees have been agreed for the maximum amount of €10,779 (31 May 2011: €10,779) on balance sheet date.

Deloitte Holding B.V. acts as a guarantor for Deloitte Group Support Center B.V., a wholly owned subsidiary, with respect to the facility services contract. Total contract value amounts to €69,000 (31 May 2011 €20,000).

## Other notes to the financial statements

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

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

**Total remuneration of the individual members of the Executive Board in the year under review was as follows:**

in € thousands	2011/2012	2010/2011
Mr. C.J.G.M de Boer	594	640
Mr. J. Volkers (until 25 October 2011)	267	667
Mr. P.J. Bommel (as of 1 January 2012)	238	-
Mr. R.J.M. Dassen (until 31 December 2011)	220	770
Mr. M. van Vliet (as of 27 January 2012)	194	-
Mr. W.L. Smit (as of 27 January 2012)	192	-
Mr. M. Beelen (as of 27 January 2012)	169	-
Mrs. S.H.C. Heuts (as of 27 January 2012)	169	-
Mr. R.A.J. Roovers (as of 21 February 2012)	141	-
Mr. P.H. Meeter (as of 1 January 2012 until 23 March 2012)	115	-
<b>Total</b>	<b>2,299</b>	<b>2,077</b>

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

in € thousands	2011/2012	2010/2011
Mr. A. Verberk (until 22 June 2012)	66	64
Mr. J.C. Kombrink	44	42
Mrs. J. Schraeverus	44	42
<b>Total</b>	<b>154</b>	<b>148</b>

Rotterdam, July 18, 2012

#### Executive Board

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

#### Supervisory Board

Mr. F.G.H. Deckers (Chair)  
Mr. J.C. Kombrink  
Mrs. J. Schraeverus  
Mr. J.G.C.M. Buné (Vice-Chair)  
Mrs. A.L.J.M. van Berkel  
Mr. C.A.M. Renne

# Other Information

## Articles of Association provisions governing the appropriation of profit

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

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

## Profit appropriation

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

## Independent auditor's report

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

### *Report on the financial statements*

We have audited the accompanying financial statements for the year ended 31 May 2012 of Deloitte Holding B.V., Rotterdam, which comprise the consolidated and company balance sheet as at 31 May 2012 the consolidated and company profit and loss account for the period 1 June 2011 to 31 May 2012 and the notes, comprising a summary of the accounting policies and other explanatory information.

### *Responsibility of the Executive Board*

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

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

### *Opinion with respect to the financial statements*

In our opinion, the financial statements give a true and fair view of the financial position of Deloitte Holding B.V. as at 31 May 2012 and of its result for the period 1 June 2011 to 31 May 2012 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### *Report on other legal and regulatory requirements*

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

Amsterdam, July 18, 2012

Ernst & Young Accountants LLP

Signed by O.E.D. Jonker





Deloitte  
Wilhelminakade 1  
Postbus 2031  
3000 CA Rotterdam  
Nederland

**[www.deloitte.nl](http://www.deloitte.nl)**

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.

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 195.000 professionals are committed to becoming the standard of excellence.

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

© 2012 Deloitte The Netherlands

Designed and produced by Communications at Deloitte, Rotterdam.