

**Deloitte.**



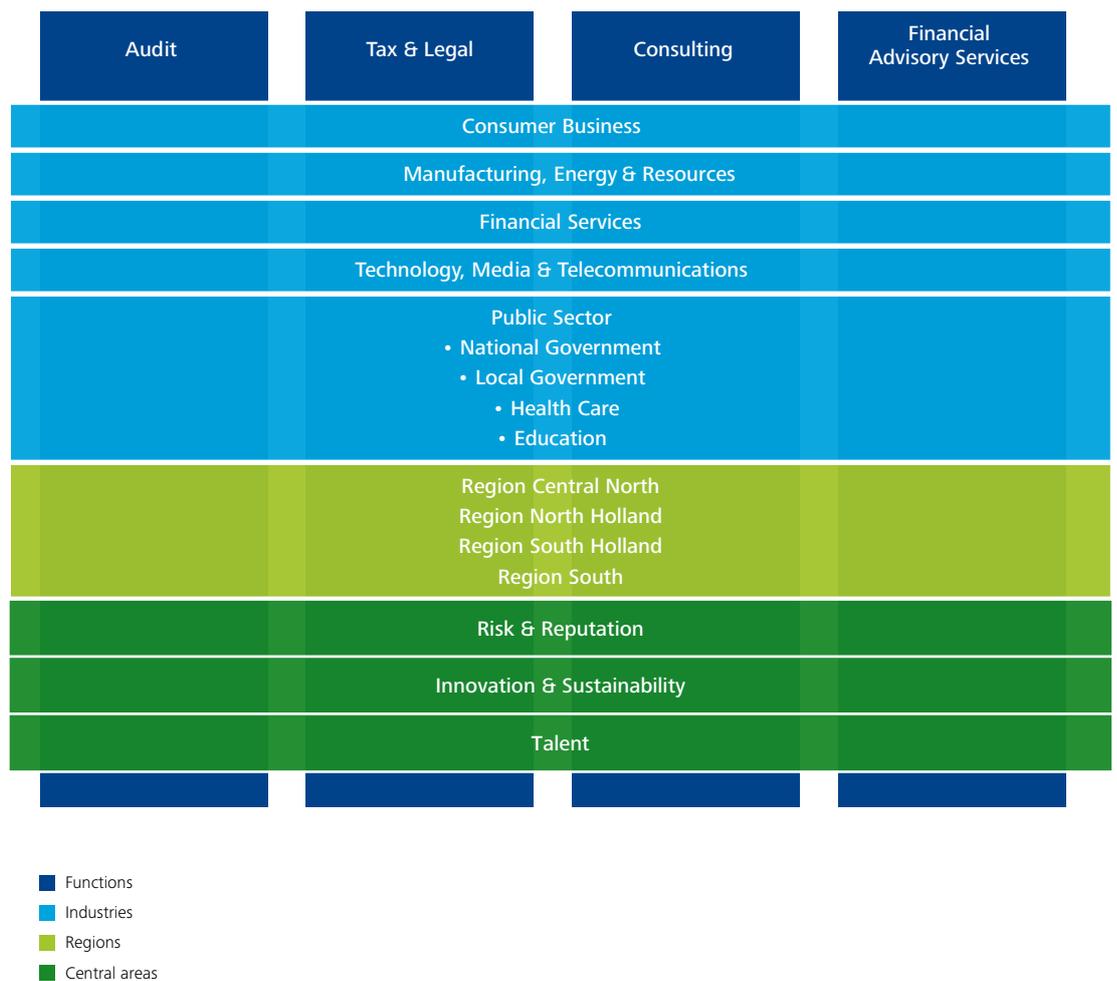
ANNUAL REPORT  
2013/2014





# Deloitte structure

This annual report highlights the activities of Deloitte in the Netherlands for the year ended 31 May 2014. The Deloitte organisational structure is divided into four functions that collaborate across dedicated market segments.



# Financial highlights

	2013/2014	2012/2013	2011/2012	2010/2011
<b>Net turnover (€ thousands)</b>	<b>637,454</b>	631,031	637,784	631,968
Relative change in net turnover (2010/2011 = 100)	100.9	99.9	100.9	100.0
Average number of staff in full-time equivalents	4,081	4,099	4,229	4,235
Average number of partners in full-time equivalents	239	242	246	237
Net turnover per employee (x € thousands)	148	145	143	141
Net turnover per partner (x € thousands)	2,667	2,608	2,593	2,667
<b>Result on ordinary activities before tax (€ thousands)</b>	<b>90,784</b>	88,563	99,285	98,756
Net result as % of net turnover	14.2	14.0	15.6	15.6
Net result per partner (€ thousands)	380	366	404	417
<b>Net turnover per business category (€ millions)</b>				
Audit	272	277	289	312
Tax & Legal	160	163	175	182
Consulting	159	146	125	95
Financial Advisory Services	43	43	44	43
Support/Other	3	2	5	-
<b>Total</b>	<b>637</b>	631	638	632
<b>Operating result per business category (€ millions)<sup>*)</sup></b>				
Audit	28	33	42	46
Tax & Legal	28	25	36	37
Consulting	23	21	19	16
Financial Advisory Services	13	10	12	11
Support/Other	5	5	(2)	(4)
<b>Total operating result</b>	<b>97</b>	94	107	106
Financial income and expenditure	(6)	(5)	(8)	(7)
<b>Result on ordinary activities before tax (€ millions)</b>	<b>91</b>	89	99	99
<b>Net turnover per business category in %</b>				
Audit	43	44	45	49
Tax & Legal	25	26	27	29
Consulting	25	23	20	15
Financial Advisory Services	7	7	7	7
Support/Other	-	-	1	-
<b>Total</b>	<b>100</b>	100	100	100

\*) In 2013/2014 the costs for Innovation are allocated to the functions Audit, Tax & Legal, Consulting and Financial Advisory Services.  
The comparative figures of previous years have been restated.

# Report from the Executive Board 2013/2014

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The fiscal year ending 31 May 2014 saw a strong return to growth in volume and a moderate growth in revenues. Deloitte reported a net turnover of 637 million, which is a slight increase over the previous year, largely due to a continued growth in the consulting business. Our net results grew to 91 million, an increase of 3%.

For the fourth consecutive year, our Consulting business delivered significant growth (9%), which is a remarkable achievement. In the audit and tax & legal business, we saw standardisation, automation and price pressures impacting our business and causing a decline in net revenues. Net revenues in Audit fell by 1.6%, although it was a notably good year for Risk Services, a service line within the audit business, which delivered double digit growth. Tax & Legal declined by 1.6%, Financial Advisory Services revenues grew on a like for like basis with 6%.

At the same time, we saw the new legislation from the Dutch Parliament impact the way we deliver our services. The decision to support mandatory audit firm rotation for Public Interest Entities (PIE's) every eight years and to limit the number of non-audit services at audit clients was an important part of our discussions with PIE clients and of our internal strategy meetings. On balance, the audit rotations to date have been favourable for Deloitte.

Innovation has become indispensable for our growth, which is why we have continued to position ourselves as the most innovative provider in the market, with major investments in relatively new service areas such as Data Analytics and Security & Privacy.

## Audit

Our audit business had a dynamic year. Continued price pressures caused our revenues to decline. But also strong growth in the Risk Services and very favourable results in the audit rotation with a new mandate from clients such as Heineken, Randstad, VolkerWessels, Vopak and Wolters Kluwer. We have continued to invest significantly to further enhance the quality of our audits and implemented our new Engagement Management System. Delivering high quality audits consistently is our top priority.

## Tax & Legal

For the tax & legal business this year was a year of implementing our new Tax & Legal strategy resulting in organisational change and continued investments in technology and standardisation of processes. Overall the year resulted in a small decline of revenues, but with a notable difference between the first and second half of the year. The second half of the year showed a return to growth. In January, we successfully launched legal services as an integral part of our advisory offerings.

## Consulting

Our consulting business achieved significant growth in revenues for the fourth consecutive year. This is a remarkable outcome for the Dutch consulting market, in which there was little to no growth during the period. Deloitte Consulting further strengthened its position with a continued investment in innovative offerings. This is increasingly recognised by our clients through their positive assessments of our work and the top industry ratings we receive. The business also increased its share of the market and saw growth in almost all industry segments, including Consumer Business; Telecom, Media and Technology; Financial Services; and Public Sector. The strongest growth was in Human Capital and the Mid Market.

## Financial Advisory Services (FAS)

This function operated in tough and uncertain market conditions throughout the year, although these were generally better than the previous year. The revenue per employee grew with double digits and this compensated for the revenue loss following the transfer of part of the Real Estate practice to Consulting.

On a like for like basis, taking into account the transfer of part of the Real Estate practice to Consulting, FAS revenues grew 6%. Restructuring Services and Transaction Services, especially in the corporate market, were able to grow in revenues. Corporate Finance activities also grew as significantly more transactions were completed compared to the previous year. The Commercial Real Estate market began to show some early signs of recovery.



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

### **Our strategy**

We continued implementing our 'As One' strategy in 2013/2014. This roadmap has enabled us to fulfil our vision to be the Standard of Excellence in our markets based on the strategic drivers of quality, sustainable growth and return. We have rigorously implemented this strategy and translated the drivers into individual programmes for each of them.

### **Vision 2020**

During this fiscal year we have started to develop our vision for 2020 based on extensive research and discussion with thought leaders. We will finalise our vision during 2014/2015 and develop a strategy for 2015/2016 and beyond.

### **Quality**

To be the 'Standard of Excellence' means that we meet the highest professional standards and continuously seek to maintain and improve the quality of our services. We achieve this by investing in our people, our most valuable asset, and through specific quality programmes.

### **Sustainable growth**

We identify and monitor new and existing growth areas in which we invest on an ongoing basis, including data analytics and cyber security. We combine our deep industry knowledge and commitment to innovation to develop new value propositions for our clients that are enabled by new technologies. To this end, we successfully launched our Deloitte Center for the Edge Europe this year, and formalised our partnership with the Singularity University to further strengthen our position as the most innovative professional services firm in the Netherlands. We invested in seven specific growth areas of which legal services is one.

### **Return**

Our cost reduction programs enable us to substantially reduce our cost base in order to continue to invest in quality, growth and talent.

### **Innovation**

After six years of proactively pursuing innovation through our strategy, it has become ingrained within our firm and has given us a proven track record that is unique in our markets. During 2013/2014 we have invested approximately €9 million in areas like data analytics and cyber security.

### **Internal awareness**

We are embedding innovation into the DNA of our people and creating awareness of the changes in our markets. To this end we have focused on the intrinsic motivation of our employees and achieved our internal 'Tipping Point'; Over 700 Deloitte employees have actively joined our innovation programme. Together, we looked at ways in which technology opens up new possibilities to serve our clients.

### **Launching new services**

With its incubator, innovation enables the development of new service offerings. We started several new data-driven businesses and brought them to market during the year. The launch of the iZone and HIVE (Highly Immersive Visual Environment) at our Utrecht office has been beneficial for our clients. The iZone enables us to create an environment for clients in which out-of-the-box thinking is stimulated and supported by our capabilities and technology. In HIVE, we demonstrate our advanced analytics through interactive data visualization.

### **Position Deloitte as the most innovative professional services firm**

Our clients increasingly recognise our innovative character and see us as sparring partner in the creation of new business models. We have continued to engage in partnerships that promote our innovation capabilities externally. These include TEDxAmsterdam, in which we organized an innovation workshop for world-changing ideas and start-ups, and Singularity University, in which we aim to educate, inspire and empower leaders to apply exponential technologies to address emerging challenges in their businesses. To strengthen our positioning even further, we recently launched Deloitte Center for the Edge Europe (see also 'Market focus on page 10 of this report).

### **Our people**

To deliver on our vision to be the Standard of Excellence we rely on the skills and strengths of our people. Despite the challenges in the macro-economic environment, we have continued to recruit new graduates and experienced professionals. Our growth strategy requires talent with new insights and experiences in order to maintain our position as an innovative professional services provider.

#### **Our people strategy**

As our business environment evolves, the main challenge within our people strategy is that of adapting to these changes on an ongoing basis. At the same time, we have supported our high performance culture by implementing changes to our Career and Remuneration model, so that we increase flexibility, and differentiation.

We have also been active in the labour market through our innovative recruitment website, which we support via Twitter, Facebook and LinkedIn. We actively seek the support of our employees when searching for new talent. For graduate recruits we focus on university campus events.

#### **Retention**

In retention, the most important element of our strategy is development. Our people are offered continuous learning and development opportunities and our learning curriculum components are designed to be an ongoing learning journey, including all types of delivery methods that range from job training to classroom work, and from e-learning to individual coaching.

Deloitte University EMEA (Europe, Middle East and Africa) was established in 2013 to develop and implement our learning curriculum and to offer our people the chance to learn in a challenging international setting. Co-operation between EMEA member firms allows for an integrated international learning approach with a shared content and philosophy.

### **Flexibility and differentiation**

Our business is changing and becoming more diverse through our investments in new services. Our focus on a performance culture drives the need for differentiation between our people in terms of careers and remuneration. Further new business models and price pressures demand a more flexible workforce, including the deployment of our colleagues in India.

#### **Alumni**

We aim to keep in touch with our people long after they have left Deloitte and it is our ambition that employees remain lifelong ambassadors of the firm. The Deloitte Alumni Network has seen a rapid increase in membership via LinkedIn, which resulted in over 3,600 people joining this central network in the last year, an increase of around 1,600 people compared to the previous year.

## Market focus

### Deloitte Center for the Edge

In 2013, we launched our European Center for the Edge, which conducts research and develops insights for corporate growth. This innovation makes our vision, methods and approach available to all our clients with a foothold in Europe. Looking ahead, our mission is to identify and explore emerging opportunities related to major shifts that have yet to appear on the agendas of executives.

### Small and Medium Enterprises (SME)

Deloitte's long term focus on the SME market, which we define as companies with less than €50 million in annual turnover, remains as strong as ever. We offer high-quality expertise in accountancy and advice; the development of new services; strong expertise for family-run businesses; and take the opportunity to grow our offering alongside our clients' needs.

Our innovative CTRL-platform is one of the main growth drivers in this segment. It offers a comprehensive set of online services for a fixed competitive price. These include accounting and advice, and cover topics including strategy, the optimisation of accounting processes, and management and control. CTRL enables our clients to directly access Deloitte's expertise and connect with business partners and authorities. We expect this proposition to grow significantly in the coming years and we will continue to enhance its functionality.

### Mid market

In the mid market, representing companies with annual turnovers of between €50 million and €1 billion, we offer clients a wide palette of services across Audit, Tax & Legal, Consulting and Financial Advisory Services.

A recent addition are legal services. Our approach in this segment is to deploy Deloitters from our national, multifunctional teams to ensure that we deliver the highest possible expertise to match our clients' needs.

Within this broad market segment, Deloitte also has two business programmes in place that enable companies to distinguish themselves and establish their reputation in their field. These are 'Best Managed Companies', which evaluates companies based on management variables, and 'Technology Fast50' which highlights the top 50 fastest growing technology companies within the Benelux.

### Corporate market

For our clients in the corporate market where revenues exceed €1 billion a year, we provide services such as digitalisation, operational excellence, growth and innovation, and the full reach of our international network to ensure global connectivity and strong local positions. Our focus areas are compliance, cyber security, risk and regulation.

This market segment saw an increase in activity and grew significantly during the year, especially in the market segment Financial Services Institutions, where our client base expanded significantly. We also conducted a number of important digital transformations for media and consumer businesses in the year and further developed our Cyber Risk Services.

The corporate market has continued to see an increased need for services around greater transparency, risk mitigation and hyper connectivity, which we have responded to with services in risk reporting, corporate governance and data analytics.

### **Public sector**

Deloitte has remained highly active in the public sector, where we have worked to further improve our offering and leverage our expertise among government decision makers. This segment has seen an increase in digitalisation with a focus on e-government services and efficiency. Although the outlook in the local and national government sector remains challenging, we focus on growth sectors such as healthcare and education.

In April, we published a major new report called 'State of the State' based on research done by our data analytics team. It provides insights into how our country is progressing on major themes such as housing, employment, healthcare and education.

### **Brand strength**

During the year, we made ample use of opportunities to broaden and strengthen the Deloitte brand in the Netherlands. We provided thought leadership, insights and other content on cyber security, data analytics and digitalization, that reaches our stakeholders in a visible, innovative and personal way.

In November, we launched the European innovation platform Centre for the Edge with an exclusive 'Executive Edge Session' for CEOs and during a big event at the Koninklijk Theater Carré in Amsterdam with 1,200 guests. Both events resulted in significant coverage on television, in daily newspapers and social media. In April, we communicated our highly successful 'State of the State' research programme, during an event with key decision makers, via our website, as well as through daily newspapers, social media and executive round tables.

When appropriate, we join our clients at other external events on current topics. Many of these are organized in consecutive years and recognized in their respective areas. In 2013, we hosted the 4th edition of the KLM Open Golf Tournament, which has continued to help the firm deepen its relationships and increase its visibility. Some 2,000 employees and clients visited the event at which a variety of meetings for clients and prospects were held, as well as dedicated events on the subjects of Transfer Pricing, Risk Services and Consumer Business. Other examples of successful client events are Risklab, Oil & Gas seminar, Technology

Fast50, Best Managed Companies, Automotive event and TMT Predictions. Throughout the year, our Executive Program reinforces its position as the main network channel for executives and supervisory board members within the corporate market. The program's activities have been structured around the themes of 'Digitalisation' and 'New Business Models'.

We also strengthened our brand within the recruitment market. In the year, we launched our new 'Launch your career at Deloitte' market campaign, which is focused on new hires.

### **Global focus**

As part of a wider international network, Deloitte in the Netherlands works across borders as a single firm. In today's global economy, the need to support our clients' international business efforts is more important than ever. At regional level (EMEA) significant collaboration takes place related to market and client investment and product development.

### **Regulatory environment**

The public debate on reforming the audit taking place at a national and international level focuses on audit quality and auditor independence on the one hand, and relevance of the role of the auditor on the other hand.

In addition to the new legislation for Public Interest Entities on the separation of audit and other services and on mandatory audit firm rotation, new independence regulations that apply to all clients were approved at the end of 2013. This legislation includes stricter regulations for combining audit and non-audit services, but also limits the offering of hospitality to audit clients. We are in favour of these regulations because they enable us to demonstrate our integrity in our day-to-day activities, and take the public's interest at heart.

Deloitte also support initiatives for increasing the relevance of the role of the auditor. In that context, we welcome the upcoming standards on enhancing the auditor's report for Public Interest Entities (PIE's). We are actively engaged in the pilot project of the NBA that encourages clients to already use the new auditor's report. We are also actively seeking to debate with the government about the possible use the new auditor's report within the public sector, within local municipalities and at housing companies.

We strongly support the trend towards more meaningful and transparent reporting to the public to include insights into the risk profile of a company and assurance on non-financial information as part of an integrated report. To that end, we believe that it is important to enhance the relationship between external auditors and a client's supervisory board and audit committees. We see added value in initiatives that promote interaction between these parties by broadening communications efforts around audit findings, internal controls and risk management matters.

At Deloitte, we are participating in this debate proactively with a broad range of stakeholders. Building trust in the profession through excellent audit quality, strong independence and relevant services, is our top priority. The enhancement of the role of auditors responds to societal demands for deeper insights and greater assurance on the financial stability and sustainability of companies.

### **Sustainability**

As part of our strategy, we continuously seek to integrate sustainability in all our service offerings. At the same time, we are improving our own performance in terms of our ecological footprint and our impact on people and society at large. The added value we provide comes from crossing-over some of our internal experiences with our external activities.

Sustainability to us is not an isolated activity but part and parcel of our client proposition. This means that in all our service lines, the necessary expertise is available to help our clients enhance the sustainability of their business processes. Examples of our approach are the conference that we organised on ethical taxing in August 2013 and the publication of the "Communicating your value creation story" report in December 2013.

In the year, we continued to work towards reaching the 2016 sustainability targets that we set and published in 2012. Our Sustainability Report 2013/2014 contains detailed information about our activities and contains a full breakdown of our performance in line with the GRI G4 Sustainability Reporting Guidelines.

### **Fair Chance Foundation**

For the fourth year running we have continued to organize and channel our social work in local communities through the Deloitte Fair Chance Foundation. The Foundation aims to give disadvantaged children in the Netherlands the chance to develop their knowledge and skills. We achieve this by leveraging the time, resources and knowledge of our people through educational programmes. We also use the expertise of our social partners JINC, IMC Weekendschool and Nibud. In 2013/2014 we saw an increasing number of dedicated employees volunteer towards these efforts and some 1,557 children and young adults participated in our programmes and initiatives, which were widely covered in the media through local and national television, radio and newspapers.

One of the most high-profile events we organised was the Maastoren Challenge in November, which saw 235 participants, employees and citizens walk or run up the stairs of our 44th-floor Rotterdam headquarters building for charity. During national Money week, Deloitte welcomed 308 students at its offices where it provided guidance and teaching on how to use money and the value of money. In May, we organised a minor volunteer day where our employees, among other things, educated children on how to interview for a position.

### **Outlook**

The macro economic conditions seem to improve. But it is also clear that the economic recovery is very volatile and unpredictable. Our plans for 2014/2015 and onwards are based on continued growth based on the implementation of our strategy.

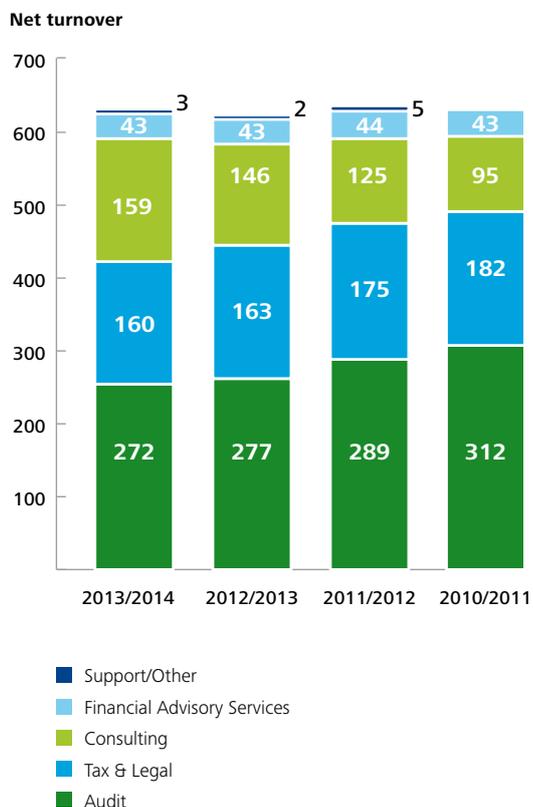
# Financial results 2013/2014

In the financial year 2013/2014 revenues grew by 1%. The revenues have remained relatively stable in the past years, but the underlying business dynamics are very different.

Compared to last year turnover growth has been realised despite a decline of 3% in subcontracted work. Adjusted for the decline in subcontracted work our net revenues increased with 2%. The increase is primarily a consequence of increased productivity. As a result of the productivity increase profitability increased compared to last year despite strong price pressure and increased direct service delivery costs.

## Net turnover

The net turnover declined by 1.6% in Audit and 1.6% in Tax. Consulting net turnover showed a strong increase of 9.2% while net turnover of Financial Advisory Services stabilised. From an industry perspective, growth was achieved in the Consumer Business industry (2.6%), Financials Services industry (5.4%) and strong growth in Technology, Media & Telecommunications (10.1%). Turnover in Manufacturing, Energy & Resources and Public Sector declined.



The number of people recruited increased with 14% to 899 new hires. Despite the increase in new hires the number of employees declined slightly following an increase in the attrition rate. Net turnover per employee increased, like last year, with 2% from €145,000 last year to €148,000 this year.

### **Operating expenses**

Operating expenses of the total organisation increased in the year by 0.7% to €541.5 million. Main contributors to the increase are salaries and social securities (1.9%) and lease car costs (3.8%). This year the costs of subcontracted work and other external costs decreased with €2.4 million (-3.2%). The decrease is mainly a result of a decline in major international assignments in the Consulting portfolio, where the share of subcontracting is considerably greater compared to national assignments and other functions.

### **Results**

Our results from ordinary activities before taxation have increased by 2.5% to €90.8 million compared to €88.6 million last year.

### **Financial position**

The net cash flow increased with €10.2 million in the financial year 2013/2014 and in line with previous years our use of credit facilities remained well within their covenants.

The increase in cash flow is primarily caused by an increase in the cash flow from our business activities. The group's base capital (group equity and subordinated loans) remained stable at €119.0 million. As a percentage of the balance sheet total, the group's base capital decreased from 47.6% to 47.0%. Working capital increased €4.1 million (2.6%) following an increase in receivables of 7.2% while work-in-progress decreased 10.1%.

Segmented information for the period 1 June 2013 to 31 May 2014

in € thousands	Audit	Tax & Legal	Consulting	FAS	Support/ Other	Elimination	Total
<b>Net turnover</b>	<b>272,357</b>	<b>160,144</b>	<b>159,081</b>	<b>42,683</b>	<b>3,348</b>	<b>(159)</b>	<b>637,454</b>
Own production capitalised	32	-	-	-	866	159	1,057
Other operating income	-	-	-	-	180,556	(180,556)	-
<b>Total operating income</b>	<b>272,389</b>	<b>160,144</b>	<b>159,081</b>	<b>42,683</b>	<b>184,770</b>	<b>(180,556)</b>	<b>638,511</b>
Costs of subcontracted work and other external costs	21,247	14,370	29,880	2,609	4,808	-	72,914
Salaries and social security charges	117,788	58,831	60,466	13,867	79,432	(41,151)	289,233
Amortisation of intangible and depreciation of tangible fixed assets	1,033	992	1,328	-	12,059	-	15,412
Impairments of in-/tangible fixed assets	-	-	-	-	-	-	-
Other operating expenses	104,641	57,436	44,736	12,792	83,789	(139,405)	163,989
<b>Total operating expenses</b>	<b>244,709</b>	<b>131,629</b>	<b>136,410</b>	<b>29,268</b>	<b>180,088</b>	<b>(180,556)</b>	<b>541,548</b>
<b>Operating result</b>	<b>27,680</b>	<b>28,515</b>	<b>22,671</b>	<b>13,415</b>	<b>4,682</b>	<b>-</b>	<b>96,963</b>

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

in € thousands	Audit	Tax & Legal	Consulting	FAS	Support/ Other	Elimination	Total
<b>Net turnover</b>	<b>276,922</b>	<b>162,696</b>	<b>145,684</b>	<b>42,676</b>	<b>3,053</b>	-	<b>631,031</b>
Own production capitalised	-	-	-	-	620	-	620
Other operating income	88	351	-	-	176,734	(176,734)	439
<b>Total operating income</b>	<b>277,010</b>	<b>163,047</b>	<b>145,684</b>	<b>42,676</b>	<b>180,407</b>	<b>(176,734)</b>	<b>632,090</b>
Costs of subcontracted work and other external costs	19,729	14,729	31,767	3,337	5,786	-	75,348
Salaries and social security charges	117,375	61,169	50,880	15,947	80,060	(41,730)	283,701
Amortisation of intangible and depreciation of tangible fixed assets	1,004	1,015	1,070	-	13,020	-	16,109
Impairments of in-/tangible fixed assets	-	280	-	-	-	-	280
Other operating expenses	103,054	58,610	38,780	13,473	83,333	(135,004)	162,246
<b>Total operating expenses</b>	<b>241,162</b>	<b>135,803</b>	<b>122,497</b>	<b>32,757</b>	<b>182,199</b>	<b>(176,734)</b>	<b>537,684</b>
<b>Operating result</b>	<b>35,848</b>	<b>27,244</b>	<b>23,187</b>	<b>9,919</b>	<b>(1,792)</b>	-	<b>94,406</b>

# Risk management

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The Executive Board is responsible for actively managing all strategic, compliance, financial and operational risks; ensuring that adequate risk management and control mechanisms are in place, and that the strategic, compliance, financial and operational risks are sufficiently assessed and managed. The Executive Board ensures that all professionals within the Deloitte organisation comply with the ethical principles and quality standards.

## **Quality Control Framework**

The foundation of the risk management and control systems formed by our Enterprise Risk Management model known as the Quality Control Framework (QCF). This Framework consists of a set of policies, established business processes, assigned roles, responsibilities and tasks, guides behaviour and monitors activities to enable the company to achieve its objectives, while minimizing the potential for errors, sustaining losses, committing or becoming a victim of fraud, or violating any laws and regulations. Through this framework, we are consistently analysing and evaluating our internal risk management and control systems, with the aim of further improving the framework, our risk culture and further embed a joint vision for quality in our culture, in a measurable way. At the same time, we recognize that proper and effective risk management and control systems do not guarantee that objectives will be achieved, nor can they entirely prevent substantial errors, losses, fraud or the violation of laws and regulations. In the year under review, we continuously analysed and evaluated the outcome of our QCF activities, including our control environment and the risks to which Deloitte is exposed.

## **QCF: Assessment during 2013/2014**

Additionally our QCF includes a description of the main risks by area; an assessment of the impact they could have on our business; and the risk mitigating measures that have been taken to manage them. The Executive Board has assessed these risks and prioritised them in terms of impact and likelihood. The risks listed are likely and have a significant impact. The table below shows the top Strategic risks which resulted from the Executive Board risk and control assessment: Reputation, Talent, Economy, Competitor moves and Cyber security.

Risk	Description	Measures to mitigate risks
Reputation	Trust is a key attribute of our Brand. Our assurance work provides trust to a wide variety of stakeholders are reliable. And clients trust us that the business solutions and advice we provide create successful and sustainable impact on their business. Recent incidents in our industry have increased Deloitte's awareness on the reputational risks significantly.	We have quality control systems, a compliance programme and strict client acceptance and quality control processes. We embed our values such as integrity in our training programs and communications. In addition external communication on major events or issues is centralised to manage our reputation effectively. We have a Code of Ethics that is based on our Shared values and Ethical Principles. The National Ethics Officer heads our Ethics Office and is responsible for the design and roll-out of our national Ethics & Compliance Programme, which is fully aligned with the Deloitte Ethics & Compliance Programme.
Talent	Talent is the key resource in our business. The ability to attract, develop and retain the best talent is crucial. We see attrition rates increasing as a result of the economy performing better than the last five years.	We invest significantly in our employer brand through innovative recruiting websites. We have a talent strategy focusing on offering an attractive talent proposition. We are investing in our recruiting capabilities both for graduates as for experienced hires.
Economy	The past five years have demonstrated the impact the economy can have on our business. Compared to 2008 our margins have decreased with 18%. And although we see some improvement, the economy is still very volatile.	Our cost reduction programs and experience have made us less vulnerable to economic volatility. Further, we invest significantly in Innovation to create new profitable business propositions that replace end of life cycle propositions.
Competitor moves	We operate in a highly competitive market with large mature competitors, where competitor moves can have impact on our business. Further, especially in the technology area, new unknown competitors can disrupt our business model.	We have established a corporate strategy function some years ago. They monitor the competitive landscape. They are networked with similar groups in other Deloitte member firms, so we are informed of developments with competitors in other parts of the world.
Cyber security	The Cyber threat to our data and network is real. In the normal course of our business we deal with and store confidential and sensitive client information. Therefore, this is a significant risk for Deloitte.	Adequate mitigation starts with awareness. In our case the Executive Board is fully aware that cyber security is more than a challenge for IT and IT systems. It encompasses our entire business and calls for actions regarding awareness, governance, infrastructure, culture and procedures. Our internal IT department is frequently submitted to attack and penetration testing by our Deloitte's Cyber team in an effort to continually improve cyber security. Our dedicated security operating centre (SOC) has a direct line to the National Response Team (NRT).

Based on an ongoing evaluation of the various risks and our mitigation processes, we continue to work on strengthening the controls in order to mitigate these risks in alignment with our risk appetite and risk culture.

#### Accountants' Organisations (Supervision) Act

Based on the requirements of the Dutch Accountants' Organisations (Supervision) Act, audit companies must monitor the quality of the statutory auditing activities they perform and the accuracy of the statements they issue relating to company accounts. In accordance with Article 23.1 of this Act, the Executive Board of Deloitte Accountants 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 Statute and further defined in the Deloitte Policy Manual. The same Act requires audit companies to be in possession of a permit to carry out 'statutory audits', which Deloitte obtained as of October 1, 2007. In accordance with Article 30 of the Accountants' Organisations (Supervision) Act, audit companies are required to draw up a transparency report. Deloitte publishes its annual Transparency Report on its public website. Please refer to the Transparency Report financial year 2013/2014 for a detailed discussion and description of accountability in the delivery of quality in our audit services.

### The future of audit

The discussions on the on the future of the audit profession and audit firms are important issues on Deloitte's strategic agenda. We continuously examine our role with the various stakeholders and their needs. We support initiatives that respond to changing societal expectations about the role of the auditor. Robust standards, which encourage professional scepticism and ethical behaviour, are key to remaining relevant and rebuilding trust in the profession. This includes regulations to strengthen audit quality and independence. After a year of experience with the new legislation for PIE's for mandatory audit firm rotation and the recently introduced new independence rules for all clients, we believe we made a firm step towards meeting the public's expectations with regards to auditor's independence.

Last year we worked on the implementation of mandatory audit firm rotation, which we believe is an opportunity to bring audit to a next level using big data technologies and having a fresh look into the client environment when planning for the first years audits.

We strongly support a solid and transparent system of regulation and monitoring in Europe, which protects the interests of society, and which is based on widely accepted European standards. As a result, we also strongly support harmonising existing Dutch rules, where possible, to a single set of harmonised European standards.

Notwithstanding, we actively support a careful and appropriate implementation of new Dutch regulations, based on our belief that quality is our license to operate. We make a continuous effort to ensure our ability to deliver top quality audits, based on high ethical values. Our Transparency Report for the financial year 2013/2014 provides more details of our actions in this area.

New Dutch regulations are also having a fundamental impact on our clients, and we are actively engaged in implementing these regulations in our strategy and practice. In our strategic initiatives in the areas of 'Professional Quality' and 'Regulations', we aim for our unique/quality characteristics to be an intrinsic part of our service, within all functions and in the minds of the employees at all levels of the organisation. Besides these activities, we are participating in discussions with various stakeholders on further

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

Reports on matters such as ethics, risk and compliance are discussed by the Supervisory Board and its Public Interest Committee on a regular basis.

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

# Corporate Governance

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

## **The Dutch Corporate Governance Code**

In December 2009, the code Frijns was incorporated into 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 for innovation and an entrepreneurial spirit to thrive.

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

## **Deviations from the Dutch Corporate Governance Code**

### **Supervisory Board**

The composition of Deloitte's Supervisory Board differs from that recommended in the Dutch corporate Governance Code in that the Board also includes up to three internal members, who are Deloitte shareholders working within the company. Pursuant to the articles of association, the majority of the members are external members. All external members are independent members as defined by the Code (F.G.H. Deckers as of June 30, 2014, due to his position as an advisor of Van Lanschot Bankiers NV until June 30, 2013).

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

### **Best practice**

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

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

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

focuses on public interest matters that may affect our firm, and supervises the implementation of regulations contained in the Governance Code. The Committee has an important role in our stakeholder dialogue. We refer to the Transparency Report for a full description of the activities of the Public Interest Committee and its focus point in rebuilding trust in the audit profession.

### 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. The members of the Executive Board are collectively responsible for the company's policy. The members of the Executive Board are appointed for a period of no more than four years, but may be re-appointed for consecutive four-year terms.

### Responsibilities within the Executive Board are allocated as follows:

P.J. Bommel	Chief Executive Officer
C.J.G.M. de Boer	Chief Financial Officer & Chief Operations Officer
M. J. van der Vegte	Managing Partner Audit
R.A.J. Roovers	Managing Partner Tax & Legal
M. van Vliet	Managing Partner Consulting
W.L. Smit	Managing Partner FAS
S.H.C. Heuts	Managing Partner Clients & Markets Industries
M. Beelen	Managing Partner Clients & Markets Regions

### Tasks of the Executive Board

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

### Avoiding conflicts of interest

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

### Supervisory Board

The Supervisory Board consists of four independent members and three internal members (shareholders). The Supervisory Board oversees and advises the Executive Board and supervises all general developments at Deloitte. The Supervisory Board is collectively responsible for the performance of its tasks and reports to the General Meeting of Shareholders.

### Tasks of the Supervisory Board

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

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

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

### Appointment of Supervisory Board members

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

### Gender diversity in Executive Board and Supervisory Board

The Executive Board is presently composed of one woman and seven men. The Supervisory Board will continue to look for diversity in the event of future re-appointments. In this respect it is important to note that Deloitte pursues a number of management development programs aimed at increasing the number of women in Deloitte leadership positions. During the financial year 2013/2014 the Supervisory Board consists of two women and five men.

### 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. 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.

### 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 general meeting of shareholders.

### International association

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

Rotterdam, July 16, 2014

### Executive Board

P.J. Bommel	Chief Executive Officer
C.J.G.M. de Boer	Chief Financial Officer & Chief Operations Officer
M. J. van der Vegte	Managing Partner Audit
R.A.J. Roovers	Managing Partner Tax & Legal
M. van Vliet	Managing Partner Consulting
W.L. Smit	Managing Partner FAS
S.H.C. Heuts	Managing Partner Clients & Markets Industries
M. Beelen	Managing Partner Clients & Markets Regions

# Report from the Supervisory Board

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Independent external members constitutes the majority of the Supervisory Board of Deloitte Netherlands since 2004. The Chair is an independent external member. The Supervisory Board is entrusted with the supervision of the policies and activities of the Executive Board. In the two-tier corporate structure under Dutch corporate law, the Supervisory Board is a separate body and independent from the Executive Board.

The Supervisory Board comprises an appropriate combination of knowledge, experience and diversity among its members, focused on the multidisciplinary and regulated character of Deloitte Netherlands as a professional services firm, and its public interest responsibilities.

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

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

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

The Public Interest Committee was introduced in April 2013 pursuant to the Governance Code for Accounting Firms in the Netherlands, which was adopted and signed by Deloitte in 2012. Deloitte's Supervisory Board has included independent and external board members since 2004. This has enabled Deloitte to rapidly form a Public Interest Committee comprising external members with significant knowledge and an understanding of Deloitte's organisation and its environment.

## **Composition of the Supervisory Board**

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

The shareholders meeting of September 13, 2013 elected J.P. Rijdsdijk and F.E. Eelkman Rooda as new external members of the Board, leaving no vacancies in the Board. The Netherlands Authority for the Financial Markets (AFM) approved their membership.

<b>Members of the Supervisory Board</b>	<b>Internal/External member</b>	<b>End of Term</b>
F.G.H. Deckers, Chair	external member	2016
A.J.L.M. van Berkel, vice-Chair	internal member	2015
F.E. Eelkman Rooda (as of Sept.25, 2013)	external member	2017
S. Kloosterhof	internal member	2016
C.A.M. Renne	internal member	2016
J.P. Rijsdijk (as of Sept.25, 2013)	external member	2017
A.F. van der Touw	external member	2016

#### **Audit Committee**

F.E. Eelkman Rooda, Chair  
F.G.H. Deckers  
C.A.M. Renne

#### **Partner Matters Committee**

F.G.H. Deckers, Chair  
S. Kloosterhof  
C.A.M. Renne  
J.P. Rijsdijk

#### **Remuneration Committee**

A.F. van der Touw, Chair  
A.J.L.M. van Berkel  
F.G.H. Deckers

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

J.P. Rijsdijk, Chair  
A.J.L.M. van Berkel  
F.G.H. Deckers

#### **Public Interest Committee**

F.G.H. Deckers, Chair  
F.E. Eelkman Rooda  
J.P. Rijsdijk  
A.F. van der Touw

## Background information on the members of the Supervisory Board

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

Member since 2012

#### *Profession/principal employment*

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

#### *External positions and activities*

- Member of the Supervisory Board of SBM Offshore
- Member of the Supervisory Board of IBM Netherlands
- Member of the Supervisory Board of Arklow Shipping (Ireland)
- Advisor to Apollo Management International

#### *Not for profit*

- Member of the Oversight Board of the Vlerick School of Management (Belgium)
- Member of the Board of Stichting Amici Almae Matris (Belgium)
- Member of the Supervisory Board of the Springpaarden Fonds Nederland

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

Member since 2011

#### *Profession/principal employment*

Ardie van Berkel is the EMEA Lead Partner for Human Capital in Deloitte Consulting. She has over 25 years' experience as a management consultant on strategic and operational human capital matters. She has served a wide range of clients in the public and the private sectors.

### F.E. Eelkman Rooda (1952)

Member since 2013

#### *Profession/principal employment*

Frans Eelkman Rooda is former CFO of Royal Wessanen (2008/2011) and Mediq (1997/2008) in the Netherlands. Prior to that, he was a consultant and partner at McKinsey & Company.

#### *External positions and activities*

- Member of the Supervisory Board of De Lage Landen International
- Chairman of the Board of Trustees of Center for Human Drug Research
- Partner in Umenz Benelux

### S. Kloosterhof (1965)

Member since 2012

#### *Profession/principal employment*

Sander Kloosterhof is a partner at Deloitte Tax & Legal in Amsterdam. He has over 25 years' experience in (international) tax and currently is a partner in the TMC practice.

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

Member since 2012

#### *Profession/principal employment*

Carlo Renne is a partner at Deloitte Accountants in Amsterdam. He has over 25 years of experience in serving a range of mid-market clients in the private sector with audit and assurance services.

### J.P. Rijdsdijk (1956)

Member since 2013

#### *Profession/principal employment*

Jacqueline Rijdsdijk has worked at the Dutch Central bank for more than 25 years in several executive positions, her last position being Director of Payments (until 2008). Subsequently, she has been a member of the Board of ASR Nederland. As of 2010 she has focused on oversight positions in the public and private sectors.

#### *External positions and activities*

- Member of the Supervisory Board of Royal Cosun
- Member of the Supervisory Board of the VU University and VU Medical Center
- Partner at 'Partner in Toezicht'
- Member of the Audit Committee of the Dutch Ministry of Internal Affairs
- Member of the Advisory Board of Dutch Space
- Chair of the Supervisory Board of Fair Share Fund Triodos Bank
- Chair of the Advisory Board of XS4all
- Chair of the Board of Stichting Management Studies VNO-NCW

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

Member since 2012

### *Profession/principal employment*

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

### *External positions and activities*

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

### **Mandate**

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

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

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

For further information about the corporate governance structure of Deloitte Netherlands and a more detailed description of the tasks, roles and responsibilities of the Supervisory Board, see the chapter on Corporate Governance, on page 21 of this report.

### **Highlights of the work of the Supervisory Board during the financial year 2013/2014**

- The Supervisory Board has held 12 meetings during the Financial Year 2013/2014 (also including 3 special meetings via conference call).
- With the appointment of Frans Eelkman Rooda and Jacqueline Rijsdijk as external members in September 2013 the Board is again complete.
- The regulatory environment for the audit practice has been continuously on the agenda of the Supervisory Board. During the year 2013/2014 several significant changes were introduced by the legislator on topics like audit firm rotation for Public Interest Entities (organisaties van openbaar belang, or OOB), strict rules on separation of audit and advisory services at these Public Interest Entities and more strict independence rules. The Supervisory Board has thoroughly discussed the implications of these changes, both in sessions without and with the Executive Board, and has been kept informed by the Executive Board of their response to these new developments.
- Quality is on the agenda at every Board meeting and receives constant attention from the Board. This also includes risk management for the entire Deloitte organisation, especially reputational risk. Particular attention was given to the implementation of the Audit Quality Master Plan, which was introduced in 2013/2014.
- The Board supports the strategic initiatives of the Executive Board as part of the As One group strategy of the firm. During the year, these strategic initiatives were regularly discussed with the Executive Board and the Board has discussed and evaluated the progress made on the strategic initiatives. The Executive Board has made constant progress on these initiatives and they were largely implemented in 2013/2014. As part of our discussions with the Executive Board on these

strategic initiatives, the Board met with all members of the Executive Board on a rotational basis for these discussions.

- As in previous years, an extensive inspection was undertaken on independence compliance. As part of this inspection, many partners, directors and senior managers of the organisation were individually tested. The Board was pleased to learn that the outcome of this inspection showed further improvements compared to previous inspections with regards to independence compliance. This demonstrates that the rigorous approach towards independence compliance has been effective.
- In April 2013, the Public Interest Committee was introduced at Deloitte. This Committee is an element of the Governance Code for Accounting Firms in the Netherlands, which was co-signed by Deloitte and is strongly supported by the Board. Independent external members have been part of the Board for many years, within the governance structure of Deloitte. Deloitte has chosen to structure the Public Interest Committee as a separate sub-committee of the Board, comprising all its external members. A separate charter has been made for this sub-committee.
- The general economic situation remained challenging for the organisation in FY14. To deal with this situation, the Executive Board had to make balanced decisions between further cost reductions and investments for the future of the organisation. Investments in innovation are critical for the years to come and the Board is confident that the appropriate balance was maintained during the year, ensuring a proper foundation for the longer term for the benefit of both shareholders and employees.
- Important partner matters are, as a matter of principle, brought to the attention of the Supervisory Board and, when needed, discussed thoroughly with the Executive Board.
- During the year, the Board completed a process to evaluate its performance and that of its individual members. Appropriate steps were taken to ensure the Board is capable of fulfilling its supervisory role in accordance with the requirements as set out in the governance structure of Deloitte.

### Report of the Audit Committee

The Audit Committee (AC) supports the Supervisory Board in fulfilling its oversight responsibilities with respect to the external reporting of the firm, financial control and risk management, the internal audit and the engagement with the external auditor.

The AC held six meetings during the financial year 2013/2014 and has reported its findings and comments to the full Supervisory Board during the regular meetings of the Board. The CFO/COO, the Controller and the Internal Auditor attended all AC meetings. The external Auditor attended four meetings to discuss the audit plan and the audit findings and recommendations. The AC also met with the external Auditor, in private sessions, without Executive Board Members or staff attending.

The work of the AC during 2013/2014 focussed on:

- Financial reporting of the firm such as the financial performance of the firm, both at an aggregate level and for the different Functions of Deloitte
- A discussion about forecasts and financial plans
- The financial structure of the group and its foundation, including a refinancing during 2013/2014
- The contractual arrangements regarding the firm's new offices in Amsterdam
- Planning and preparation of integrated reporting
- The internal and external audit findings, including the follow-up on recommendations made by the internal and external auditors
- The update of the regulations of the Audit Committee and the Audit Charter of the Internal Audit Department
- The recommendation of the Supervisory Board to shareholders reappoint EY as external Auditors for 2013/2014.

### Report of the Partners Matters Committee

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

The PMC has discussed a limited number of appeals by individual partners regarding their classification in the 2013/2014 partner remuneration system.

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

The PIC was rapidly appointed in April 2013. Because Deloitte's Supervisory Board has included independent members since 2004, the PIC is composed of the external members of the Supervisory Board. The PIC has had four meetings during the financial year, in addition to the meetings of the (entire) Supervisory Board.

Highlights of the work of the PIC during 2013/2014:

- Discussion about the quality control framework of the group
- Regulatory matters, especially related to the audit practice, such as new legislation with regards to auditor independence, mandatory rotation
- The audit quality master plan and its execution
- Reports of internal and external quality reviews
- Reports of independence reviews
- Reports of ethics reviews
- Reports of substantial litigation and risk management cases
- Public Affairs matters

A more comprehensive report of its activities will be included in the Transparency Report of Deloitte Accountants B.V. for the financial year 2013/2014.

### Report of the Remuneration Committee

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

In January 2014 and in June 2014 the RC discussed the performance of each member of the Executive Board during the financial year 2013/2014. In addition, the RC discussed the target-setting for 2014-2015 of each Executive Board member. A critical element in the remuneration criteria of the Executive Board members relates to quality being delivered. Also the RC takes the general public debate on executive remuneration into account in its decision and evaluations.

### 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 SNC has prepared the selection and nomination of J.P. Rijdsdijk and F.E. Eelkman Rooda as external members of the Supervisory Board. They were elected at the September 2013 shareholders meeting.

### Financial statements 2013/2014

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 2013/2014 financial statements.

### Appreciation

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

Rotterdam, July 16, 2014

On behalf of the Supervisory Board

F.G.H. Deckers, Chair





# Consolidated financial statements

## Consolidated balance sheet as of 31 May 2014

(before result appropriation)

Assets (in € thousands)	Note	31 May 2014	31 May 2013
<b>Fixed assets</b>			
Intangible fixed assets	[1]	16,179	18,260
Tangible fixed assets	[2]	45,748	44,031
Financial fixed assets	[3]	3,349	1,733
		<u>65,276</u>	<u>64,024</u>
<b>Current assets</b>			
Receivables and prepayments	[4]	177,727	185,795
Cash and cash equivalents		10,327	132
		<u>188,054</u>	<u>185,927</u>
		<b>253,330</b>	<b>249,951</b>

Equity and liabilities (in € thousands)	Note	31 May 2014	31 May 2013
<b>Group equity *)</b>	[5]	<b>6,650</b>	6,650
<b>Provisions</b>	[6]	<b>8,562</b>	7,863
<b>Long-term liabilities:</b>	[7]		
Subordinated loans Stichting Financiering Deloitte *)		112,310	112,437
Deferred income		9,771	10,289
		<u>122,081</u>	<u>122,726</u>
<b>Current liabilities and accruals</b>	[8]	<b>116,037</b>	112,712
		<b>253,330</b>	<b>249,951</b>

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

\*) The group equity and the subordinated loans represent the group's capital base €118,960 (31 May 2013 € 119,087), see note 7.

**Consolidated profit and loss account for the period 1 June 2013 to 31 May 2014**

in € thousands	Notes	2013/2014	2012/2013
Net turnover	[9]	637,454	631,031
Own production capitalised		1,057	620
Other operating income	[10]	-	439
<b>Total operating income</b>		<b>638,511</b>	<b>632,090</b>
Costs of subcontracted work and other external costs		72,914	75,348
Salaries and social security charges	[11]	289,233	283,701
Amortization of intangible and depreciation of tangible fixed assets	[12]	15,412	16,109
Impairments of in-/tangible fixed assets	[1]	-	280
Other operating expenses	[13]	163,989	162,246
<b>Total operating expenses</b>		<b>541,548</b>	<b>537,684</b>
<b>Operating result</b>		<b>96,963</b>	<b>94,406</b>
Share in result of non-consolidated associated companies		20	35
Financial income and expenses	[14]	(6,199)	(5,878)
<b>Result from ordinary activities before taxation</b>		<b>90,784</b>	<b>88,563</b>
Taxation on result on ordinary activities	[15]	(322)	(437)
Shareholders' Associate Fee	[16]	(90,462)	(88,126)
<b>Net result</b>		<b>-</b>	<b>-</b>

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

**Consolidated cash flow statement for the period 1 June 2013 to 31 May 2014**

(Prepared using the direct method)

in € thousands	2013/2014	2012/2013
<b>Cash flow from business activities:</b>		
Receipts from customers	636,106	626,361
Payments to suppliers and personnel	(518,373)	(523,181)
<b>Cash flow from business activities</b>	<b>117,733</b>	<b>103,180</b>
Interest received	381	40
Interest paid	(6,302)	(5,774)
Dividend received	34	36
Corporate income tax paid/received	(805)	29
	<b>(6,692)</b>	<b>(5,669)</b>
<b>Cash flow from operating activities</b>	<b>111,041</b>	<b>97,511</b>
Investments in intangible fixed assets	(1,636)	(620)
Investments in tangible fixed assets	(17,321)	(10,795)
Disposal of tangible fixed assets	870	311
Investments of new Group Activities	(66)	(9,687)
Investments in other financial fixed assets	(1,619)	-
Repayment of other financial fixed assets	24	-
<b>Cash flow from investment activities</b>	<b>(19,748)</b>	<b>(20,791)</b>
Stichting Financiering Deloitte:		
- Shareholders' Associate Fee	(90,462)	(88,126)
- Increase in subordinated loans	-	3,866
- Decrease in subordinated loans	(3,928)	-
- Changes in current account	14,595	(19,963)
Net cash outflow to associates	<b>(79,795)</b>	<b>(104,223)</b>
Decrease/increase in other (interest-bearing) debts	(1,303)	1,303
<b>Cash flow used for financing activities</b>	<b>(81,098)</b>	<b>(102,920)</b>
<b>Net cash flow</b>	<b>10,195</b>	<b>(26,200)</b>
Cash/net bank debt at start of financial year	132	26,332
Net cash flow	10,195	(26,200)
<b>Cash at end of financial year *)</b>	<b>10,327</b>	<b>132</b>

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

## Notes to the consolidated financial statements

### General

#### **Activities**

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

#### **International relationships**

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

#### **Group relationships**

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

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

#### **Shareholders' structure**

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

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

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

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

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

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

#### **Stichting InterNos**

Stichting InterNos is responsible for the settlement of 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**

RJ Statement (Uiting) 2013-15, referring to RJ 290 Financial instruments (2013): Although the amendments apply to financial years beginning on or after 1 January 2014, the DASB encourages early application with effect from the 2013 financial year. Deloitte has decided to early application. As a result, the critical characteristics of the hedging instrument and the hedged item are compared and if not identical a quantitative effectiveness measurement (such as the dollar offset method) is performed. Any ineffectiveness is then recognized only in the profit and loss account if and to the extent an accumulated loss is involved. The early application does not have financial impact on the 2013/14 and comparative figures whereas there were no derivative financial instruments in place.

### **Foreign currencies**

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

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

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

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

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

Tangible fixed assets are valued at acquisition cost or production cost, less accumulated depreciation and, where applicable, impairment losses. Depreciation is based on the estimated useful life of the asset and calculated using the straight-line method based on

the acquisition/production cost, taking account of any residual value. The asset starts to depreciate from the date that it is taken into use. Tangible fixed assets under construction are valued at production cost. Production cost comprises licensing costs, direct labour costs, expenditure on services from third parties and the attributable share of other operating costs.

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

#### **Financial fixed assets**

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

#### **Receivables and prepayments**

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

#### **Pension schemes**

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

A provision is formed for liabilities other than the contributions payable to the pension plan administrator if, as at the balance sheet date, the group has a legal or constructive obligation towards the pension plan administrator, if it is probable that settlement of these liabilities will lead to an outflow of resources and if a reliable estimate can be made of the amount of the liabilities. The provision for additional liabilities to the

pension plan administrator is based on a best estimate of the amounts required to settle these liabilities concerned at the balance sheet date, applying well established actuarial methods and assumptions. The provision is carried at present value with the discount rate before taxation reflecting the current market rate.

For the following commitments and liabilities a provision is maintained:

- (i) 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 0.3% (prior year 0.2%). The provision for the dismantling costs based on a straight line addition. The provision for reorganisation is based on the cost of staff redundancies, in accordance with the reorganisation plan. The health insurance compensation provision provides an allowance towards health insurance contributions for some retired personnel.

The actuarial calculations for pension provisions include an estimated future annual increase of the pension entitlements by some 2.0% (prior year 2.0%). A discount rate is set at 2.7%.

#### **Long-term liabilities**

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

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

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

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

The Associate Fees for services rendered are recognised as operating costs in the profit-and-loss account. As per the requirements of Article 362, paragraph 4, Title 9 of the Netherlands Civil Code 2, the provisions of the financial statements Formats Decree have not been followed in the financial statements and the Associate fees are presented separately as the last item in the profit-and-loss account. The Associate Fees to be paid to shareholders through Stichting Financiering Deloitte are treated as operating expenses for tax purposes. As a consequence the amount of corporation tax paid is limited, reference is made to note 15.

### ***Net turnover***

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

### ***Operating expenses***

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

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

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

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

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

The cash flow statement is prepared using the direct method.

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

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

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

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

### 1) Intangible fixed assets

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

in € thousands	Goodwill *)	Development costs **)	Total
Acquisition cost as of 1 June 2013	41,931	2,158	44,089
Accumulated amortisation and impairments as of 1 June 2013	(25,393)	(436)	(25,829)
<b>Book value as of 1 June 2013</b>	<b>16,538</b>	<b>1,722</b>	<b>18,260</b>
Capitalised development costs	-	1,636	1,636
Acquisition (Additional acquisition costs)	67	-	67
Amortisation	(3,288)	(496)	(3,784)
<b>Book value as of 31 May 2014</b>	<b>13,317</b>	<b>2,862</b>	<b>16,179</b>
Accumulated amortisation and impairments as of 31 May 2014	(28,681)	(932)	(29,613)
Acquisition cost as of 31 May 2014	41,998	3,794	45,792
Amortisation percentages	6 2/3%-14 2/7%	20%	

\*) The amortisation period for goodwill is 7 (14 2/7%) or 15 (6 2/3%) years, set at this figure as the useful economic life is estimated to be longer than 5 years.

\*\*\*) 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 2013	58,071	22,883	33,744	6,830	121,528
Accumulated depreciation and impairments as of 1 June 2013	(37,547)	(14,050)	(25,900)	-	(77,497)
<b>Book value as of 1 June 2013</b>	<b>20,524</b>	<b>8,833</b>	<b>7,844</b>	<b>6,830</b>	<b>44,031</b>
Acquisitions	2,445	1,553	13,506	(3,373)	14,131
	22,969	10,386	21,350	3,457	58,162
Book value of assets disposed of	(106)	(9)	(671)	-	(786)
Depreciation	(4,093)	(1,816)	(5,719)	-	(11,628)
<b>Book value as of 31 May 2014</b>	<b>18,770</b>	<b>8,561</b>	<b>14,960</b>	<b>3,457</b>	<b>45,748</b>
Accumulated depreciation and impairments as of 31 May 2014	(39,682)	(15,399)	(26,994)	-	(82,075)
Acquisition cost as of 31 May 2014	58,452	23,960	41,954	3,457	127,823
Depreciation percentages	10%-20%	10%-20%	12 1/2%-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 2013	1,211	522	1,733
Movements:			
Investments	963	692	1,655
Interest accrual	-	84	84
Repayments	(24)	-	(24)
Share in result of participating interests	20	-	20
Dividend received	(34)	-	(34)
Repayments on long-term loans in following year	-	-	-
Exchange rate differences	-	(85)	(85)
<b>Book value as of 31 May 2014</b>	<b>2,136</b>	<b>1,213</b>	<b>3,349</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 2014	31 May 2013
Accounts receivable	125,620	117,165
Unbilled amounts for client work	38,740	43,076
Corporate income tax	1,260	776
Other receivables and prepayments	12,107	24,778
	<b>177,727</b>	<b>185,795</b>

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

### 5) Group equity

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

## 6) Provisions

in € thousands	Professional liability	Unoccupied premises/ dismantling costs	Reorganisation	Health insurance compensation	Pensions	Total
Balance as of 1 June 2013	1,764	2,536	2,567	28	968	7,863
Additions	1,131	2,360	1,642	2	256	5,391
Charged	(1,610)	(437)	(2,155)	(5)	(19)	(4,226)
Released	(234)	(58)	(158)	(16)	-	(466)
<b>Balance as of 31 May 2014</b>	<b>1,051</b>	<b>4,401</b>	<b>1,896</b>	<b>9</b>	<b>1,205</b>	<b>8,562</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 2014		31 May 2013	
	Total	Interest rate	Total	Interest rate
Subordinated loans Stichting Financiering Deloitte after deduction of repayments in the following year	112,310	4.24%	112,437	4.33%

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

in € thousands	31 May 2014	31 May 2013
Subordinated loans Stichting Financiering Deloitte	950	4,750

Shareholders who enter into an Associate Agreement with the company are obliged to grant a subordinated loan to Stichting Financiering Deloitte. In turn this Foundation grants a subordinated loan for the same amount to the company. The loans amount to €112,310 as per 31 May 2014 (31 May 2013: €112,437) 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 agreements for new office buildings and operational lease contract for cars and copying/printing machines. 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

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

in € thousands	31 May 2014	31 May 2013
Tax and social security contributions	40,252	35,024
Salaries and other personnel costs	24,628	20,642
Accounts payable	22,569	28,426
Stichting Financiering Deloitte	13,898	12,103
Repayments on long-term loans in the following year	950	4,750
Liabilities for pensions	163	199
Amounts owed to credit institutions	-	1,303
Other liabilities and accruals	13,577	10,265
	<hr/>	<hr/>
	116,037	112,712

### Amounts owed to credit institutions

Deloitte has a credit agreement with ING and Rabobank. In November 2013 a renewal of this agreement took place. Deloitte's maximum credit facility according to this agreement is a revolving loan facility of €101,200, 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 2014 Deloitte was in compliance with the covenants in the credit agreements. The securities set consist of the joint and several liability of Deloitte Accountants B.V., Deloitte Belastingadviseurs B.V., Deloitte Consultancy Holding B.V., Deloitte Consulting B.V., Deloitte Financial Advisory Services B.V., Deloitte Group Support Center B.V., Deloitte Management Support B.V., Deloitte Forensic & Dispute Services B.V., Deloitte Risk Services B.V., Deloitte Pension Advisory B.V. and Deloitte Legal 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 2014	31 May 2013
Within 1 year	87,000	76,000
Between 1 and 5 years	181,000	199,000
After 5 years	113,000	97,000
	<b>381,000</b>	<b>372,000</b>

### 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 1.7 million (31 May 2013: USD 3.8 million) to IHC Interposed Holding Company 1 S.A.S. a shareholder of Deloitte CIS Limited.

**Stichting InterNos**

In 2006 Stichting InterNos was granted bank loans amounting to €120,000 to finance the settlement of goodwill rights. The credit agreement has been renewed in November 2013. An additional loan of €12,800 was received by Stichting InterNos. After repayments, the loans amount to €84,800 as of 31 May 2014. On a yearly basis €6,000 will be repaid until 31 May 2018 at which time the remaining €66,800 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.

**Stichting Financiering Deloitte**

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

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

**The Supervisory Board**

The company has indemnified the members of the Supervisory Board from the financial consequences of claims from third parties (including 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 €1,170 (31 May 2013: €6,200) have been issued to third parties.

**Other guarantees**

Following past acquisitions guarantees have been agreed for the maximum amount of €10,779 (31 May 2013: €10,779) on balance sheet date.

Nationale Borg issued guarantees on behalf of Deloitte Holding B.V. and its material subsidiaries to Tax-authorities covering the own-risk of the Return to Work (Partially Disabled) Regulation ("WGA"). As security for these guarantees Deloitte Holding B.V. and its material subsidiaries issued a joint and several liability undertaking.

**Exchange rate risk**

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

**Interest rate risk**

Interest rate risks relate mainly to:

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

Interest rate risks are not hedged.

**Credit risk**

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

**Fair value**

Unless stated otherwise, the estimated fair value of the financial instruments included in the balance sheet as of 31 May 2014 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	2013/2014	2012/2013
Audit	272,357	276,922
Tax & Legal	160,144	162,697
Consulting	159,081	145,683
Financial Advisory Services	42,683	42,676
Support/Other	3,189	3,053
	<b>637,454</b>	<b>631,031</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 previous year.

### 11) Salaries and social security charges

in € thousands	2013/2014	2012/2013
Salaries *)	232,683	227,647
Social security charges**)	30,647	30,383
Pension costs	25,903	25,671
	<b>289,233</b>	<b>283,701</b>

\*) Salaries contains €2,998 costs of reduction in personnel headcount (2012/2013 €4,282).

\*\*\*) Social security charges in 2013/2014 contains a refund of social security premiums of €1,2 million.

## Workforce

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

	2013/2014				2012/2013			
	Partners	Fee earners	Support Staff <sup>1)</sup>	Total	Partners	Fee earners	Support Staff	Total
Audit	102	1,675	114	1,891	104	1,644	161	1,909
Tax & Legal	68	643	69	780	71	691	93	855
Consulting	41	758	36	835	35	657	43	735
Financial Advisory Services	19	172	8	199	20	194	13	227
Support/Other	9	40	566	615	12	44	559	615
	<b>239</b>	<b>3,288</b>	<b>793</b>	<b>4,320</b>	<b>242</b>	<b>3,230</b>	<b>869</b>	<b>4,341</b>

Virtually all employees are based in the Netherlands

\*) As of March 1, 2014 all Executive Assistants were transferred to Support/Other. Since the transfer was executed in the last quarter of the financial year, the impact on the average FTEs is relatively small. Therefore, the comparative figures of 2012/2013 are not adjusted. In total the number of support staff decreased significantly as a result of the cost reduction programme.

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

in € thousands	2013/2014	2012/2013
<b>Intangible fixed assets:</b>		
Amortisation	3,784	3,397
<b>Tangible fixed assets:</b>		
Depreciation	11,628	12,712
	<u>15,412</u>	<u>16,109</u>

## 13) Other operating expenses

Other expense can be specified as follows:

in € thousands	2013/2014	2012/2013
Accommodation costs	36,133	36,043
Staff cars	37,343	35,968
Employee benefits	22,723	22,361
Office costs	10,080	12,359
Other costs	57,710	55,515
	<u>163,989</u>	<u>162,246</u>

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

in € thousands	2013/2014	2012/2013
Audit of the financial statements	109	101
Other audits	96	80
	<u>205</u>	<u>181</u>

## 14) Financial income and expenses

in € thousands	2013/2014	2012/2013
Interest income and similar income	465	80
Interest paid and similar costs	(6,664)	(5,958)
	<u>(6,199)</u>	<u>(5,878)</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 2014 (before result appropriation)

Assets in € thousands	Note	31 May 2014		31 May 2013
<b>Fixed assets</b>				
Financial fixed assets	[1]	78,434		74,182
<b>Current assets</b>				
Receivables and prepayments	[2]	91,868	105,796	
Cash and cash equivalents		10,223	-	
		102,091		105,796
		180,525		179,978
Equity and liabilities in € thousands	Note	31 May 2014		31 May 2013
<b>Shareholders' equity</b>				
Issued share capital *)	[3]	6,650	6,650	
Statutory reserve		2,862	1,722	
Other Reserves		(2,862)	(1,722)	
		6,650		6,650
<b>Long-term liabilities</b>				
Subordinated loans Stichting Financiering Deloitte *)	[4]	112,310	112,437	
Deferred income		151	292	
		112,461		112,729
<b>Current liabilities and accruals</b>				
	[5]	61,414		60,599
		180,525		179,978

[ ] 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 €118,960 (31 May 2013 €119,087).

**Company profit and loss account for the period 1 June 2013 to 31 May 2014**

in € thousands	2013/2014	2012/2013
Share in results of participating interests	40,816	36,705
Other income and expenses after tax	49,646	51,421
	<u>90,462</u>	<u>88,126</u>
Shareholders' Associate Fee	(90,462)	(88,126)
<b>Result after tax</b>	-	-

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

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

**Financial fixed assets**

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

**Other income and expenses**

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

## Notes to the specific items on the balance sheet

### 1) Financial fixed assets

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

in € thousands	Participating interests in group companies	Other participating interests	Receivables from group companies	Other receivables	Total
Book value as of 1 June 2013	34,179	1,209	38,272	522	74,182
Movements:					
Investments	-	963	-	692	1,655
Interest accrual	-	-	-	84	84
Issued loans	-	-	4,803	-	4,803
Repayments	-	(24)	-	-	(24)
Exchange rate differences	-	-	-	(85)	(85)
Share in result of participating interests	40,794	22	-	-	40,816
Dividend received	(38,684)	(34)	-	-	(38,718)
Negative equity of participating interest deducted from current account receivables/subordinated loan	(3,717)	-	2,258	-	(1,459)
Repayments on long-term loans in following year	-	-	(2,820)	-	(2,820)
<b>Book value as of 31 May 2014</b>	<b>32,572</b>	<b>2,136</b>	<b>42,513</b>	<b>1,213</b>	<b>78,434</b>

Amounts owed by group companies are unsecured subordinated loans.

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

## Consolidated companies

The following subsidiaries are included in the consolidated financial statements:

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

## Changes in the financial year under review

### Companies liquidated

- Vivens EDU B.V. as of October 1, 2013.
- Administratie/Adviesgroep CAW B.V. as of October 1, 2013
- VB/Deloitte Holding B.V. as of October 1, 2013

### Company newly founded

- Deloitte Legal B.V. as of October 22, 2013

## 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. Deloitte SE was liquidated as of December 31, 2013.

## 2) Receivables and prepayments

in € thousands	31 May 2014	31 May 2013
Current accounts owed by group companies	84,052	85,131
Other receivables and prepayments	7,816	20,665
	<b>91,868</b>	105,796

Annual interest is charged on the current accounts owed by group companies at approximately 1.7% (prior year 1.9%)

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 2013 266) shares of €25,000. By deed of amendment of the articles of association dated 30 May 2008 a new class of shares, Class P shares, has been introduced in May 2008. These Class P shares have the same nominal value and the same voting and other rights as ordinary shares except that, upon liquidation of the company, Class P shares have priority over ordinary shares with respect to repayment of the nominal value of the shares from the liquidation proceeds.

### Statutory reserve

During the financial year 2013/2014 Deloitte Holding B.V. capitalized developments costs for project X Ray through its wholly owned subsidiary PXR B.V. and for project GRC through its wholly owned subsidiary Deloitte Risk Services B.V. for the amount to €1.6 million. In accordance with article 2:365.2 of the Dutch Civil Code a statutory reserve has been recognised. Due to the absence of available undistributed profits and as stipulated by RJ 240.230 the amount of the statutory reserve has been charged to the Other Reserves, resulting in a negative amount.

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

in € thousands	Statutory reserve
Book value as of 1 June 2013	1,722
Movements:	
Capitalized costs	1,636
Amortisation	(496)
<b>Book value as of 31 May 2014</b>	<b>2,862</b>

#### 4) Long-term liabilities

The long-term liabilities can be specified as follows:

in € thousands	31 May 2014		31 May 2013	
	Total	Interest rate	Total	Interest rate
Subordinated loans Stichting Financiering Deloitte after deduction of short-term repayment commitments	112,310	4.24%	112,437	4.33%

#### Deferred income

Deferred income relates to incentives received in the connection with entering into an operational lease contract for cars and copying/printing machines. 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 2014	31 May 2013
Tax	22,877	18,752
Current accounts owed to group companies	22,597	22,292
Stichting Financiering Deloitte	13,898	12,103
Repayments on long-term loans in following year	950	4,750
Pension liabilities	163	199
Amounts owed to credit institutions	-	1,303
Other liabilities and accruals	929	1,200
	<b>61,414</b>	<b>60,599</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 offices, operational lease contracts for cars and copying/printing machines. The commitments fall due as follows:

These future (minimum lease) payments amount to:

in € thousands	31 May 2014	31 May 2013
Within one year	69,000	54,000
Between one and five years	147,000	158,000
More than five years	113,000	97,000
	<b>329,000</b>	<b>309,000</b>

### **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 1.7 million (31 May 2013: 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.

### **Stichting InterNos**

In 2006 Stichting InterNos was granted bank loans amounting to €120,000 to finance the settlement of goodwill rights. The credit agreement has been renewed in November 2013. An additional loan of €12,800 was received by Stichting InterNos. After repayments, the loans amount to €84,800 as of 31 May 2014. On a yearly basis €6,000 will be repaid until 31 May 2018 at which time the remaining €66,800 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.

### **Stichting Financiering Deloitte**

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

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

### **The Supervisory Board**

The company has indemnified the members of the Supervisory Board from the financial consequences of claims from third parties (including 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 €1,155 (31 May 2013 €1,155) have been issued to third parties.

### **Other guarantees**

Following past acquisitions guarantees have been agreed for the maximum amount of €10,779 (31 May 2013: €10,779) on balance sheet date.

Nationale Borg issued guarantees on behalf of Deloitte Holding B.V. and its material subsidiaries to Tax-authorities covering the own-risk of the Return to Work (Partially Disabled) Regulation ("WGA"). As security for these guarantees Deloitte Holding B.V. and its material subsidiaries issued a joint and several liability undertaking.

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 €39,000 (31 May 2013 €52,000)

## Other notes to the financial statements

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

The remuneration of members of the Executive Board comprises an Associate Fee plus a fixed expense allowance, and in 2012/2013 for some members a fee for their established rights over goodwill.

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

	2013/2014	2012/2013
Remuneration amount in € thousands	4,536	4,123
Number of members of the executive Board in FTE's	8	8

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

	2013/2014	2012/2013
Remuneration amount in € thousands	174	151
Number of external members of the Supervisory Board per 31 May	4	3

Rotterdam, July 16, 2014

#### Executive Board

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

#### Supervisory Board

F.G.H. Deckers (Chair)  
A.L.J.M. van Berkel (Vice-Chair)  
F. Eelkman Rooda  
S Kloosterhof  
C.A.M. Renne  
J.P. Rijdsdijk  
A.B. van der Touw

# Other information

## Articles of Association provisions governing the appropriation of profit

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

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

## Profit appropriation

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

## Independent auditor's report

To: the shareholders, supervisory board and executive board of Deloitte Holding B.V., Rotterdam  
Report on the audit of the financial statements

### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Deloitte Holding B.V. for the year ended 31 May 2014, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### Our engagement

We have audited the financial statements for the year ended 31 May 2014 of Deloitte Holding B.V., Rotterdam, which comprise the consolidated and company statement of financial position as at 31 May 2014, the income statement for the year then ended and the notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

### The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section Our responsibilities for the audit of the financial statements of our report. We are independent of Deloitte Holding B.V. within the meaning of the relevant Dutch ethical requirements as included in the Verordening op de gedrags- en beroepsregels accountants (VGBA) and the Verordening inzake de onafhankelijkheid van accountants (ViO) and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Materiality

We set certain thresholds for materiality to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. For the purposes of determining whether the financial statements are free from material misstatement we defined materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. Based on our professional judgement the materiality for the consolidated financial statements as a whole was set at €6 million. The materiality is based on revenues (1% of revenues). We report to the Audit Committee misstatements identified during our audit above €300,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

- The key audit matters from our audit  
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with the Supervisory Board, but are not intended to represent all matters that were discussed with them.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

- Revenue recognition and the valuation of unbilled work and receivables  
The allocation of revenues to the respective financial years and the valuation of the unbilled work and related receivables are subject to uncertain elements such as the extent to which the professionals involved are capable of providing the services as contracted and the collectability of the receivables. This matter was identified as a significant risk for our audit. The related balance sheet captions represent a material part of the balance sheet total as per 31 May 2014, €164 million (65% of balance sheet total), of which €39 million relates to unbilled work.

The process of recognizing revenues and the valuation of unbilled work is complex and involves many people. Management has set up a comprehensive system of controls which results in a reliable recognition of revenues and valuation of unbilled work and receivables.

As part of our audit we focus on the controls to determine whether they have functioned properly and we independently test a sample of unbilled work. The sample selection is based on a number of critical characteristics of the individual engagements. Disclosures by the company on the principles applied for revenue recognition and the valuation of unbilled work and receivables are included on pages 37 and 38 of the notes to the consolidated financial statements.

- Professional liability  
If Deloitte Holding B.V. or one of its group companies receives claims for compensation related to alleged damages, these are generally covered by professional liability policies. The legal defence expenses are also covered by the insurance policies. The impact of legal claims from third parties on the annual report is limited if the claims are covered by the insurance policies. However, the materiality can increase significantly in case of claims which fall outside the scope of insurance policies or if the amount involved exceeds the maximum coverage of the policies.  
As part of our audit we focus on the completeness of registered claims and on determining that the correct insurance coverage is applied. In addition, we evaluate whether the level of insurance coverage and any additional expenses justifies the recognition of a provision up to the level of policy excess, or, in case of claims which are not covered by insurance, the estimated total exposure. For these procedures we use the work of internal and external experts. Disclosures by the company on the principles applied for the recognition of the provision for professional liability are included on page 37 of the notes to the consolidated financial statements.
- Valuation of intangible fixed assets  
The balance sheet contains intangible fixed assets for an amount of €16 million in the form of goodwill paid for acquisitions and capitalized

product development costs. On an annual basis the executive board evaluates whether these assets are impaired. For that purpose, a high-level financial analysis is performed, in certain cases complemented by a more detailed analysis which is in compliance with governing regulations. The financial analyses are mainly based on subjective, forecast-based information and estimates by the executive board.

Our audit work focuses on the robustness of the calculation model applied, the adequacy of the discount rates and the reliability and plausibility of the forecast-based information. Disclosures by the company on the principles applied for the valuation of intangible fixed assets are included on page 36 of the notes to the consolidated financial statements.

- The model of the profit-and-loss account  
As disclosed in the notes to the consolidated financial statements, specific contractual arrangements exist between Deloitte Holding B.V. and its shareholders, and between shareholders themselves via the foundations Stichting Financiering Deloitte en Stichting InterNos, which are not part of the Deloitte Holding B.V. group. Based on these arrangements, shareholders are entitled to associate fees. The total associate fees are equal to the net amount of operational and financial income and expenses of Deloitte Holding B.V., whereby the expenses do not include an element of salary or comparable remuneration. As the arrangements do not provide a further interpretation of the remuneration elements in the associate fees, it is not possible to determine how to record the fees in line with the financial statements Formats Decree. The executive board concluded that the addition of a separate line item, which is not included in the models of the Formats Decree, is the most adequate presentation. The Formats Decree allows this amendment and the notes to the consolidated financial statements contain the required disclosures related to the altered presentation. We concur with this position.

#### **Our findings with respect to going concern**

The financial statements of Deloitte Holding B.V. have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate Deloitte Holding B.V. or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we concur with management's use of the going concern basis of accounting in the preparation of the financial statements of Deloitte Holding B.V.

Management has not identified a material uncertainty that may cast significant doubt on Deloitte Holding B.V.'s ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee Deloitte Holding B.V.'s ability to continue as a going concern.

#### **Responsibilities of the executive board for the financial statements**

The executive board is responsible for the preparation and fair presentation of these financial statements and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the executive board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Supervisory Board is responsible for overseeing the Company's financial reporting process.

#### **Our responsibility for the audit of the financial statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of

users taken on the basis of these financial statements. As part of an audit in accordance with Dutch Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of Deloitte Holding B.V. and business activities within Deloitte Holding B.V. to express an opinion on the financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We are required to communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We are also required to provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on the directors' report and other information**

Pursuant to the legal requirement under Part 9 of Book 2 of the Dutch Civil Code regarding our responsibility to report on the directors' report and the other information.

We have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the other information as required under section 2: 392 sub 1 at b-h has been annexed.

We report that the directors' report, to the extent we can assess, is consistent with the financial statements.

Amsterdam, July 16, 2014

Ernst & Young Accountants LLP

signed by O.E.D. Jonker





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