

FY16 PwC Cyprus Transparency Report

1 July 2015 –
30 June 2016

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Who we are

We provide audit, tax, accounting, legal, company administration, compliance, business and financial consulting services to local and international companies operating in a broad spectrum of industries.

We are proud of our leadership position in the Cyprus market; we value our past and we invest in our future to be the distinctive, trusted, authoritative firm, always proactive when professional services are needed.

We are an extensively networked organisation that acts as one firm, to deliver the value our clients are looking for by bringing the best of PwC each and every time.

At PwC, our purpose is to build trust in society and solve important problems. We are a network of firms in 157 countries with more than 208,000 people who are committed to delivering quality in assurance, advisory and tax services.

We deliver value on the basis of:

Excellence - Developing innovative solutions and translating them into action by continuously listening to our clients and the market, learning, developing our expertise, being alert to change moving fast with flexibility and decisiveness.

Teamwork - Building productive long term relationships with clients and each other, embracing diverse cultures and views, readily sharing knowledge, experiences and opportunities.

Leadership - Doing the right thing for our clients, our people and our society, acting with integrity, seizing the opportunity, welcoming responsibility and having a clear sense of where we want to go.

Our strategic objectives are:

Leading firm - To be recognised as the leading professional services firm in Cyprus remaining number one in size, brand and reputation, setting the standards and driving the agenda for our profession.

Talent - To recruit, develop and provide career opportunities to intellectually curious enterprising people who become part of the firm's success.

Quality - To deliver exceptional service and quality to our clients and build a culture that delivers continuous improvement.

Growth - To remain the number one firm in revenue, continue to grow profitably and responsibly to enable us to continue investing in the future.

PwC Experience - To achieve our goals we need to offer our clients and people a distinctive experience. PwC Experience defines the behaviours that support our culture and underpin our performance goals. We work to embed PwC Experience behaviours in all we do.

Message from the CEO



Evgenios C Evgeniou

CEO

PwC Cyprus

Crucial to any organisation seeking to bring positive change to the environment in which it operates is recognition of the fact that its responsibilities extend beyond its clients and people to society at large.

At PwC, we adhere to this principle in every aspect of our operations and strive to serve it at all times.

I am thereby proud to be presenting this year's Transparency Report; a self-assessment of how well we have delivered value to our clients, our people and society more generally, on the basis of ethics, integrity and trust.

Our mission has been to offer clients the best possible 'PwC experience', relying not only on our expertise but also on innovative, value-added services that help them advance in what they do. We have done so, while remaining true to the spirit of transparency, professionalism, independence and objectivity.

The key drivers of success in this mission to bring out the best of PwC each and every time, are, of course, our people; the ambassadors of our values. Recognising their integral role in delivering exceptional services to our clients, our organisation continues to invest in training, innovative methodologies and cutting-edge technology in order to provide them with the necessary means to grow at both a professional and a personal level.

With a strong sense of responsibility not only towards our clients and people, but also towards society, our organisation has donated a significant sum in pro-bono and discounted services to community organisations and charitable institutions. It has also, for the first time, quantified and monetised its overall impact on the Cyprus economy, the social context and the environment. We consider this to be the beginning of a long-term attempt to better manage our overall footprint and enhance the positive change we aim to bring to Cyprus society.

Reciprocating the trust our clients and our people have shown in us, we undertake to continue doing the right thing so as to safeguard the values ingrained in our organisation and deliver the best of PwC at all levels.

Evgenios C Evgeniou
CEO

September 2016

Commitment to our values



Liakos M Theodorou
Partner
Head of Assurance & Advisory



Assurance & Advisory
Risk & Quality Partner,
Chief Quality Officer,
Public Policy & Regulatory
Affairs Responsible Partner

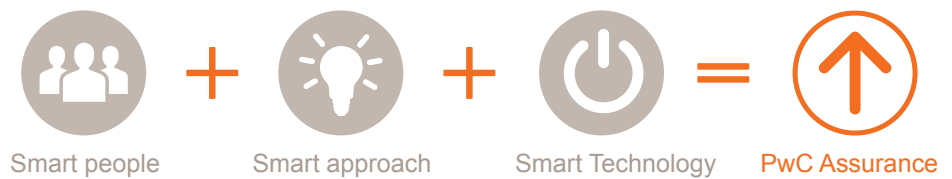
Rebuilding trust and confidence in business

We are pleased to present our Financial Year 2016 (FY16) transparency report that demonstrates our commitment in sustaining and growing a responsible profitable business, through our purpose “to build trust in society and solve important problems” for our clients and the society in which we live in.

FY16 has been another challenging year for all businesses due to the continuing difficult economic conditions and the struggle to manage finance and liquidity issues. Adaptation to the difficult market conditions is a challenging process and it was good to see the Cyprus economy marching steadily on the road to recovery and experiencing growth. The banks continue to work hard to deal with the non- performing loans following the enactment of the insolvency and foreclosure laws and to address the many European and other regulatory requirements.

We focus on quality, independence and objectivity in our work, leveraging on our technical and industry expertise which are central to delivering value to our clients and confidence to other stakeholders.

We subject a very large number of engagements to internal and external quality reviews for the proper application of risk management procedures, audit methodology and standards, and the International Financial Reporting Standards. We share the results of our reviews and take initiatives and necessary action to ensure continuous improvement. We have further enhanced our tools deployed globally to ensure the standardisation of audit procedures and alignment of quality with the rest of the PwC Network.



Technology is a primary driver of profitability and differentiation. Over the last decade PwC have created a suite of technologies that are distinctive in our markets – but as the pace of change and the pressures in our markets increase, we need to step up a gear to stay ahead in using technology across the organisation.

We believe in industry specialisation and expertise. Audits which add value and are relevant for their purpose come from a deep understanding of the subject matter and of the relevant challenges and prospects that each industry is facing. Our scale gives us the benefit of being able to attain specialisation. We maintain strong ties with our Network and collaborate seamlessly. Our local expertise and the global reach provide our clients with unique access to specialised technical skills and the ability to provide assurance on businesses operating in all geographies and industries.

In our audits we regularly use local experts in areas beyond accounting and auditing such as, valuations, manual and automated processes and controls, tax and VAT. This puts us in a unique position to provide those charged with governance with valuable insights on potential business risks and opportunities.

Quality cannot merely be achieved by the systems and processes that are embedded in the way we work to achieve compliance with applicable standards and regulation. It goes far beyond this. It ultimately depends on the culture of the firm which is led and reflected by the “tone at the top” and our ability to recruit, train and motivate intelligent professionals who will share our values and take personal responsibility in delivering high quality work.

We recruit and develop the best talent. We provide opportunities for professional growth and experience through robust assurance trainings, and opportunities to be involved in challenging assurance engagements and secondments to other PwC member firms globally. We are focused on providing the skills and qualifications that future assurance professionals will need to operate in the changing assurance environment.

Developments in the regulatory environment have continued this year. The provisions of the EU audit legislation applying from the first financial year starting on or after 17 June 2016 introduce further prohibitions to the provision of non-audit services to Public Interest Entities and mandatory audit firm rotation. The new legislation will also bring about new challenges to auditors, Public Interest Entities and their audit committees. Despite the challenges and the anticipated disruption that the new regulatory landscape will bring, we remain committed to our values and purpose expecting that the changes will further enhance the quality and transparency of the audit process, they will strengthen stakeholder engagement and contribute towards building the much needed trust.

Legal structure and ownership

Legal structure of PricewaterhouseCoopers Ltd

PricewaterhouseCoopers Limited (PwC Cyprus) is a private company with limited liability by shares under registration number 143594, having its registered office in Cyprus at Julia House, 3 Themistocles Dervis Street, CY-1066 Nicosia. PwC Cyprus has offices in three districts, Nicosia, Limassol and Paphos.

Subsidiary undertakings

The principal subsidiary undertakings of PwC Cyprus as at 30 June 2016 are:

Subsidiary undertaking	Principal activity
PricewaterhouseCoopers (Marketing & Communications) Limited	Professional services
PricewaterhouseCoopers Associates Limited	Professional services
PricewaterhouseCoopers Professional Training Limited	Professional services and training

These entities are members of PricewaterhouseCoopers International Limited (PwCIL) and therefore, member firms of the PwC Network. A description of the PwC network can be found in section: "Description of the PwC Network" on page 9 of this report.

Other PwC network member firms in Cyprus

S. A. Evangelou & Co LLC is a member firm of PricewaterhouseCoopers International Limited (PwCIL) and part of the PwC's Tax and Legal Services Network providing Legal Services in Cyprus. It is a private company with limited liability by shares having its registered office at 3 Themistocles Dervis Str, Julia House Annex, 1st Floor CY-1066 Nicosia, Cyprus and it was registered in Cyprus as a Lawyers' Limited Company under registration number 23348. S.A. Evangelou & Co LLC and its wholly owned subsidiary undertaking, namely PricewaterhouseCoopers Corporate Secretarial Services Limited, are wholly owned by Spyros Evangelou who is also the Head of Practice.

His curriculum vitae can be found in "Appendix A" on page 32 of this report.

Ownership of PwC Cyprus

PwC Cyprus is wholly owned by professional practitioners working with the firm, commonly referred to as "Partners", who are, in their majority, members of the Board of Directors of the company.

Leadership and Governance

The governance structure of PwC Cyprus is made up of three main bodies: the Board of Directors, the Management Board and the Oversight Board.

Board of Directors

The Board of Directors is chaired by the CEO and is responsible for undertaking certain statutory duties of the firm. The Board of Directors has met five times during the financial year. The members of the Board of Directors during the financial year ended 30 June 2016 can be found in “Appendix B” on page 33 of this report.

Management Board

The Management Board is chaired by the CEO (who is elected by the firm’s Partners). The CEO appoints the other members of the Management Board, all of whom are Partners in the firm. The members of the Management Board who have served during the financial year ended 30 June 2016 can be found in “Appendix C” on page 34 of this report.

The Management Board is responsible for assisting the CEO in the formulation and implementation of strategic priorities and business plans, compliance with all PwC network obligations and with the design, maintenance and operation of an effective quality control system.

The Management Board meets at least twice a month and the agenda of its meetings includes matters for consideration raised through the CEO, by any Management Board member or PwC Cyprus Partner.

The Management Board takes overall responsibility for the establishment of a system of internal quality control and for reviewing and evaluating its effectiveness. The day-to-day responsibility for the implementation of this system, the ongoing monitoring of the identified risks and the effectiveness of controls applied to reduce the risks to an acceptable level, rests with senior management in the individual Lines of Service.

The Management Board evaluates the effectiveness of the firm’s system of internal quality control through reports of:

- periodic reviews of performance and quality, which are carried out independently by the PwC network and the profession’s regulator in Cyprus;
- our Lines of Service and Internal Firm Services that document identified risks and the responses to these risks; and
- our risk and quality functions that oversee our professional services’ quality control and risk management systems.

A detailed description of our system of internal quality control is set out in section: “Quality Review Programme” on page 12 of this report.

Oversight Board

The Oversight Board, which is independent of the Management Board, is made up of five members who are elected by the firm's Partners for a three-year term of office. The Oversight Board elects its own Chairman. The members of the Oversight Board who have served during the financial year ended 30 June 2016 can be found in "Appendix D" on page 35 of this report.

The Oversight Board is responsible for overseeing the activities of the Management Board on matters that it considers to be of concern regarding the well-being of the firm and the shareholders/Partners as a whole. These matters include national, legal, regulatory and fiscal requirements, implementation of global policies and the arrangements for effective governance and communication between Partners and senior management. The Oversight Board is also responsible to check that the policies in regards to Partners' remuneration are being properly and fairly applied.

The Oversight Board generally meets on a monthly basis but may hold additional meetings if the necessity arises. The three year term of office of the elected members of the Oversight Board commenced on 1 July 2014 and ends on 30 June 2017.

The currently elected Oversight Board members who are holding office for the three year period from 1 July 2014 are the following:

- Andreas Th Constantinides
- Androulla S Pittas
- Constantinos H Constantinou
- Chrysilios K Pelekanos
- George C Lambrou

The Oversight Board has met nineteen times during the financial year and has issued two reports on its activities to the Partners. The main activities of the Oversight Board during FY16 were as follows:

The Oversight Board has designed and implemented the process for the election of the firm's CEO for the 5-year period from 01 January 2017 to 31 December 2021.

The Oversight Board received the FY16-18 business plans and budgets from the CEO and other members of the Management Board. Further to appropriate examination, the Oversight Board approved the process that was followed in preparing the business plan and was satisfied with the resources, processes and monitoring procedures in place for their implementation.

In addition, the Oversight Board has among others:

- received monthly feedback from the CEO on the financial performance, business developments and risk management issues affecting the firm.
- proposed the performance ratings of the members of the Management Board to the CEO, determined the performance rating of the CEO and ensured that the firm's policies and procedures concerning the determination of the Partners performance rating for FY15 were performed properly.
- considered major office space leasing agreements and compliance thereto and noted its agreement with the proposals of the Management Board.

- assessed the effectiveness, independence and reappointment of the firm's external statutory auditor.

Lines of Service

PwC Cyprus operates through two Lines of Service, Assurance & Advisory (A&A) and Tax & Legal Services (TLS). The A&A and TLS practices are led by twenty one (21) and nineteen (19) Partners respectively. Internal support services are provided by the firm's Functions.

The main roles and responsibilities in the Lines of Service and Functions of the firm in FY16 were as follows:

Head of Assurance & Advisory:
Liakos M Theodorou

Head of Tax & Legal Services:
Theodoros C Parperis

Head of Functions:
Evgenios C Evgeniou

- Partner in charge of Markets
Evgenios C Evgeniou
- Partner in charge of Human Capital
Philippos C Soseilos
- Partner in charge of Academy
Philippos C Soseilos
- Partner in charge of Finance
Stavros A Kattamis
- Partner in charge of Risk & Quality
Christos M Themistocleous
- Partner in charge of Marketing & Communications
Evgenios C Evgeniou
- Partner in charge of Operations
Christos M Themistocleous



Description of the PwC Network



756
locations

157
countries

US\$ 35,4bn
Worldwide revenues

208,109
people

Worldwide revenues are the aggregated results of individual PwC member firms and are expressed in US dollars.

All figures relate to the year ended 30 June 2016

PwC Network

PwC is a global network of separate firms, operating locally in countries around the world. PwC firms are members of PricewaterhouseCoopers International Limited and have the right to use the PricewaterhouseCoopers name. As members of the PwC Network, PwC firms share knowledge, skills and resources. This membership facilitates PwC firms to work together to provide high quality services on a global scale to international and local clients, while retaining the advantages of being local businesses – including being knowledgeable about local laws, regulations, standards and practices.

Being a member of the PwC Network means firms also agree to abide by certain common policies and maintain the standards of the PwC Network. Each firm engages in quality control and compliance monitoring activities, covering the provision of services, ethics and business conduct, and the compliance with specific, strict standards for independence monitoring and protection.

PricewaterhouseCoopers International Limited

PricewaterhouseCoopers International Limited (PwCIL) is a UK private company limited by guarantee. PwCIL acts as a coordinating entity for PwC firms and does not practice accountancy or provide services to clients. PwCIL works to develop and implement policies and initiatives to create a common and coordinated approach for PwC firms in key areas such as strategy, brand and risk and quality. PwC firms use the PwC name and draw on the resources and methodologies of the PwC Network. In return, PwC firms are required to comply with common policies and the standards of the PwC Network.

A PwC firm or PwCIL cannot act as agent of PwCIL or any other PwC firm, and it is only liable for its own acts or omissions and not those of PwCIL or any other PwC firm. PwCIL has no right or ability to control any member firm's exercise of professional judgement. The governance bodies of PwCIL are:

- **Global Board**, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of Network Standards. The Board does not have an external role. Board members are elected by partners from all PwC firms around the world every four years.

- **Network Leadership Team**, which is responsible for setting the overall strategy for the PwC Network and the standards to which the PwC firms agree to adhere.
- **Strategy Council**, which is made up of the leaders of the largest PwC firms of the Network, agrees the strategic direction of the Network and facilitates alignment for the execution of strategy.
- **Network Executive Team** is appointed by and reports to the Network Leadership Team. Its members are responsible for leading teams drawn from Network firms to coordinate activities across all areas of our business.

Policies and processes

Each PwC firm has its own policies based on the common standards and policies of the PwC Network. PwC firms also have access to common methodologies, technologies and supporting materials for many services.

These methodologies, technologies and content are designed to help a member firm's Partners and members of staff perform their work more consistently, and support compliance with the way PwC does business.

Quality reviews

Each PwC firm is responsible for monitoring the effectiveness of its own quality control systems. This includes performing a self-assessment of its systems and procedures and carrying out, or arranging to have performed on its behalf, an independent review.

In addition, the PwC Network monitors the compliance of its member firms with PwC Network Standards and external regulations on quality control. This includes monitoring not only whether each PwC firm conducts objective quality control reviews of all of its services, but also includes examination of a member firm's processes to identify and respond to significant risks.

Assurance work is governed by a specific quality review programme that is based on relevant professional standards relating to quality controls including International Standard on Quality Control 1: 'Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements'. For more details of our firm's quality review programme, please refer to section: "Quality Review Programme" on page 12 of this report.

In accordance with applicable regulatory requirements, each PwC firm may also be reviewed periodically, in some cases annually by national and international regulators and/or professional bodies.

A member firm's assurance quality review programme is monitored, as is the status and effectiveness of any quality improvement plan a PwC firm puts in place.

Network profit-sharing arrangements

PwC Cyprus and its subsidiary undertakings have no profit-sharing arrangements with other member firms of PwCIL. Member firms operate their own partner and members of staff remuneration arrangements, which are independent and separate from other member firms of PwCIL. Details of the profit-sharing arrangements of our firm can be found in section: "Partner remuneration policy" on page 30 of this report.



Quality Review Programme

Introduction

The overriding objective of the quality review programme is to assess that:

- a quality management system is appropriately designed, operating effectively and complies with applicable network standards and policies
- engagements selected for review were performed in compliance with applicable professional standards and PwC audit requirements, and
- significant risks are identified and managed appropriately

PwC network member firms' quality control system for the Assurance practice is based on the International Standard on Quality Control 1 (ISQC1): "Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements", issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC).

The objective of ISQC1 requires the firm to establish and maintain a system of quality control to provide it with reasonable assurance that:

- the firm and its personnel comply with professional standards and applicable legal and regulatory requirements; and
- the reports issued by the firm/engagement leaders are appropriate in the circumstances.

Description of our internal quality control system

Our internal control system is based on the six elements of quality control set out in ISQC1, which are:

- leadership responsibilities for quality within the firm;
- relevant ethical requirements (including Independence);
- acceptance and continuance of client relationships and specific engagements email;
- human resources:
 - recruitment and hiring;
 - learning and education and career development;
 - performance evaluation and compensation;
 - assignment of teams and resourcing;
- engagements;
- engagement performance:
 - consistency in quality of engagement performance;
 - consultation;
 - engagement quality control review;
 - resolving differences of opinion;
 - engagement documentation; and
- monitoring.

The implementation of our system of internal quality control is divided into two phases. The first phase includes the documentation of the policies and procedures in place in relation to the six elements outlined above and the controls that the firm has implemented to ensure that these policies and procedures are being applied. The second phase follows with testing of the controls in place to assess their adequacy and provide the Management Board with reasonable assurance that they operate effectively.

Leadership responsibilities for quality within the firm

Resources and responsibility for audit quality

The Management Board (which is chaired by the CEO) and the Assurance Line of Service leadership are committed to communicate to all Partners and staff the message of the importance of delivering high-quality service and upholding the values of integrity, independence, professional ethics and professional confidence which are embedded within the audit process.

In addition, throughout the year a newsletter with quality messages, reinforcement of procedures and other tips is communicated by Assurance Methodology team in consultation with Assurance Leadership.

As mentioned in section: “Leadership and Governance” on page 7 of this report, the Management Board has the overall responsibility for establishing systems of internal quality control and for reviewing and evaluating their effectiveness. The day-to-day responsibility for implementation of these systems and for ongoing monitoring of risk and the effectiveness of controls is delegated to the Head of the Line of Service, Liakos Theodorou and the Chief Quality Officer, Petros Petrakis.

Our firm has a number of Partners supported by dedicated staff to ensure it maintains high standards of quality, independence and professional ethics.

- Head of Risk & Quality: **Christos M Themistocleous**
- Assurance & Advisory Risk & Quality Partner: **Petros C Petrakis**
- Tax & Legal Services Risk & Quality Partner and Money Laundering Compliance Officer: **Chris Odysseos**

Audit engagement leaders take primary responsibility for the delivery of the firm’s audit opinion. Audit quality is a major component of the partner planning, assessment and execution process. Partners are held accountable for their performance. In this respect, the firm has adopted a quality accountability framework which applies to all Partners/ engagement leaders and Service Line leadership right up



to the CEO. The purpose of this framework is to facilitate a common approach among PwC firms in responding to poor quality in providing professional services and more specifically:

- failures to meet professional standards, comply with external regulations or PwC standards and policies, related to risk and quality
- behaviours that jeopardize the quality of the firm’s audit opinion.

Identification of Quality Risks

Quality risks are identified through the Audit Quality Risk Assessment which forms part of the firm’s Enterprise Risk Management (ERM) Plan. Potential risks are identified through discussion between the Line of Service Risk & Quality Partner, the Money Laundering Compliance Officer, the Head of Risk & Quality, the Partner Responsible for Independence and the Head of the Line of Service on the basis of:

- the results of various review processes;
- regulatory environment/ developments; and
- current economic and market conditions.

The Line of Service Risk & Quality Partner develops an annual Risk & Quality Plan in consultation with the firm’s Head of Risk & Quality, taking into consideration the risks identified through the above ERM process. The plan is approved by leadership.

Quality Improvement Process

An important element of audit quality is continuous improvement. This involves continuously re-assessing and refining on-going quality control and monitoring efforts. This process is documented in the Assurance Quality Improvement Plan that assesses the root causes and remediates the issues arising from the most recent Quality Management Review (QMR), Engagement Compliance Review (ECR) or other internal or external reviews, including reports from regulators.

For FY16, PwC Global Assurance Leadership Team (GALT) Executive has enhanced the above process with four Strategic Quality Initiatives with overall objective to support Member Firm activities and drive continuous improvements to Assurance quality across the PwC Network.

The four initiatives include:

- an enhanced Root Cause Analysis process;
- identification of initial Member Firm level Audit Quality Indicators;
- real time Assurance tools; and
- proposed changes to the Accountability Framework.

Communication

The importance of quality is clearly communicated and embedded throughout the firm. The policies and procedures that form our internal quality control system described below are available to PwC people via PwC Network and PwC Cyprus websites and databases. Relevant updates and changes, as well as points needing reinforcement are communicated to Partners and members of staff via mandatory training and other technical communication alerts.

Risk of audit quality failures are addressed through the ongoing Audit Quality Risk Assessment performed under the supervision of the Assurance leadership.

PwC Global People Survey Results

A substantial increase of 8%, more specifically from 86% in 2015 to 94% in 2016, was observed in the responses of our people in favor of the statement “The leaders I work with are committed to providing high quality services to external clients” of the PwC Global People Survey. The exceptional result of 94% indicates that leadership places a lot of emphasis on building quality business and communicates a strong tone at the top, aiming to embed a strong culture of quality and excellence in the DNA of each and every member of the firm’s personnel.

Relevant ethical requirements

A detailed description of our policies, procedures, tools and practices in relation to ethical requirements including independence and conflicts of interests can be found in section: “Ethics & Independence” on page 20 of this report.

Acceptance and continuance of client relationships and specific engagements

The reputation and success of our firm depends on the professionalism and integrity not only of each and every partner and member of staff but also of our client relationships. Therefore, robust acceptance and continuance procedures have been established to help protect the firm and its reputation.

Acceptance and continuance processes

Considerations in accepting and continuing an audit client relationship

Our principles for determining whether to accept a new client or continue serving an existing client are fundamental to delivering quality which we believe goes hand-in-hand with our purpose to build trust in society. We have established policies and procedures for the acceptance of client relationships and audit engagements that consider whether we are competent to perform the engagement and have the necessary capabilities including time and resources, can comply with relevant ethical requirements, including independence, and have appropriately considered the integrity of the client. We reassess these considerations in determining whether we should continue with the client engagement and have in place policies and procedures related to withdrawing from an engagement or a client relationship when necessary.

Assessing the prospective client

Our firm focuses on the quality of prospective clients and has established consistent policies and rigorous vetting procedures for accepting clients and engagements across all of our Lines of Service.

Key factors taken into consideration for client acceptability:

- the identity, business reputation, integrity and ethics of the client’s principal owners, key management and those charged with its governance;
- information concerning the attitude of the client’s principal owners, key management and those charged with its governance towards matters that might affect the provision of a prospective service (for example, aggressive interpretation of accounting standards and the internal control environment in the context of assurance engagements);
- the nature of the client’s operations, including its business practices;
- imposed limitations in the scope of work which may raise questions about the integrity of the client;

- indications that the client might be involved in money laundering or other criminal actions;
- the public profile of the prospective client and the underlying reasons for that profile;
- a sense of the operating and control environments of entities involved;
- financial condition and the prospective client's ability to pay our fees;
- whether heightened risks of fraud exist (for example, opportunities, incentives, or pressures);
- independence and potential conflicts of interest; and
- any current or previous relationships with other PwC firms.

Assessment of the above factors is made through the Client Acceptance and Anti-Money Laundering Checklist which is also in line with the requirements of the Prevention and Suppression of Money Laundering Activities Laws of 2007 to 2013.

Client and Engagement Acceptance and Continuance

PwC Cyprus has implemented a process to identify acceptable clients based on the PwC Network's proprietary decision support systems for audit client acceptance and retention (called Acceptance and Continuance (A&C)). A&C facilitates a determination by the engagement team, business management and risk management specialists of whether the risks related to an existing client or a potential client are manageable, and whether or not PwC should be associated with the particular client and its management. More specifically, this system enables:

Engagement Teams:

- To document their consideration of matters required by professional standards related to acceptance and continuance;
- To identify and document issues or risk factors and their resolution, for example through consultation, by adjusting the resource plan or audit approach or putting in place other safeguards to mitigate identified risks or by declining to perform the engagement; and
- To facilitate the evaluation of the risks associated with accepting or continuing with a client and engagement;

Member firms (including member firm leadership and management):

- To facilitate the evaluation of the risks associated with accepting or continuing with clients and engagements;
- To provide an overview of the risks associated with accepting or continuing with clients and engagements across the client portfolio; and
- To understand the methodology, basis and minimum considerations all other member firms in the Network have applied in assessing audit acceptance and continuance.

Client and engagement acceptance is revisited annually via the client and engagement continuance risk assessment and the client retention panels comprised of the appropriate people with the stature and independence of mind to decide on the retention of certain engagements, in accordance with our client and engagement continuance policy. A re-assessment is also made where significant changes/ events that may alter our initial decision of accepting this engagement have occurred during the course of the engagement.

Withdrawal from an engagement

Policies and procedures, in accordance with legal and professional obligations, are in place for circumstances in which we determine that we should or are required to withdraw from an engagement. Appropriate consultations both within the firm and with those charged with governance of our clients are being held. Circumstances where we become aware of information after accepting an engagement which, had we been aware of that information earlier, would have led us to decline it, are also included in these policies and procedures.

Human resources

At PwC we acknowledge that our continuing success and ability to meet the demands of our clients in an increasingly challenging business environment depends critically on the strength and quality of our People. We aim at recruiting, training, developing and retaining the best people, who are committed for delivering high-quality services.

Therefore, our strategy is focused in maintaining across the firm consistent policies and procedures in relation to the following:

- recruitment;
- learning and education;
- performance evaluation;
- compensation/ remuneration; and
- assignment of engagement teams.

A detailed description of our human resource related policies can be found in section: "Human Resources" on page 24 of this report.

Engagement performance

We heavily invest in the effectiveness of our audits, in the skills of our People and in our underlying audit methodology, as well as in making the right amount of time and resources available, to ensure compliance with regulatory requirements and PwC's policies and standards. Standard terms of business under which we perform audit and non-audit assurance engagements are agreed in accordance with the legal and professional standard requirements.

Engagement performance is further enhanced through regular feedback we seek from our clients paying close attention to things we need to improve. In addition, remedial or improvement actions are taken based on the findings of the routinely internal and external reviews performed on the effectiveness of our risk and quality processes described further below.

Methodology and tools

PwC Audit

As a member of the PwC Network, PwC Cyprus has access to and uses PwC Audit, a common audit methodology and process. This methodology is based on the International Standards on Auditing (ISAs), with additional PwC policy and guidance provided where appropriate. PwC Audit policies and procedures are designed to facilitate audits conducted in compliance with all ISA requirements that are relevant to each individual audit engagement. Our common audit methodology provides the framework to enable PwC member firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.

The PwC Audit Guide explains PwC's methodology. The Guide, along with PwC's technology-based audit support tools, templates and content, support engagement teams in conducting assurance and related services engagements.

Aura

As a member of the PwC Network, PwC Cyprus has access to and uses Aura, which is the application that powers PwC's audits and supports its Assurance practices. It provides engagement teams with an application that integrates a broad range of capabilities, including build-in tools to promote audit quality, consistency and ease of documentation. Aura also integrates with a variety of other tools and applications, creating one work space for client work. Our audit work is planned, executed and documented using Aura which supports teams in applying our methodology effectively, by creating a transparent linkage between risks identified and the work done to address those risks, as well as providing comprehensive project management capabilities.

Developed Technology

We continue to invest in audit technology that builds quality into the audit and enhances our ability to provide insights to our clients. Our technology is built and implemented globally ensuring consistency across the PwC Network.

These new tools that enhance audit quality and efficiency through automation, connectivity and mobility include:

- Aura Now is an online, multi-engagement dashboard tool that allows teams to monitor progress towards completion and other key information across their portfolio of Aura engagement databases. It visualizes the progress of an engagement, which enables our people to prioritize their efforts. It also provides information regarding readiness for file archiving to assist in preparing for and timing of archiving the audit file.
- Count is an electronic portal that allows our teams to create instructions for our teams to execute and document all aspects of an inventory count observation electronically. It was built by PwC in response to feedback from

teams that using a mobile device would improve the quality and execution of inventory counts.

- Connect is our collaborative workflow tool, providing fast, efficient and secure information sharing at every stage of the audit. It monitors the status of requests and information between our clients and the engagement team on a real time basis. Connect provides visibility for both our clients and us to be able to check progress on the go, anytime, anywhere.
- Halo (will be implemented during FY17) is our new data auditing suite of tools allowing us to identify and assess risks and determine where to focus audit efforts. The analytical and visualization capabilities allow us to analyze patterns and trends, identifying unusual and high risk transactions, and providing invaluable insight to both ourselves and our clients. Halo comprises of three components – acquisition of client data, transformation of data and applications for automated testing and analysis of data, for example, Halo for Journals allows engagement teams to gather all journal entries and utilize built-in functionality to apply engagement-specific criteria designed to focus testing on higher risk entries.

The globally developed tools are supplemented by locally developed tools and templates to further support audit engagement teams, contributing to the quality and efficiency that characterizes our audit services. Partners and members of staff are trained on the PwC audit methodology and the use of Aura upon joining the firm.

Furthermore, annual training is carried out for all Assurance Partners and members of staff providing guidance for a more effective use of Aura and the latest updates on the PwC Methodology.

Our firm has policies and procedures that address both professional and regulatory standards of the accounting and auditing practice. These are regularly updated to reflect new professional developments, changes in our operating environment and emerging external issues, feedback from internal and external reviews of engagement performance, as well as the needs and concerns of the practice.



Consultation and support

Consultation and support given to engagement teams by the firm's experts is an integral part of maintaining quality. PwC's policies set out mandatory consultation requirements when certain conditions apply. In addition, our culture and experience promotes consultation requests on various risk and quality matters that may arise.

Appropriate professional expertise is being dedicated to support audit and non-audit teams within the Assurance practice to meet professional standards, regulatory and legal requirements. All consultation requests are submitted to a central database from which a dedicated person directs them to the appropriate technical expert. All consultation requests and responses are filed in this database.

Our Accounting Consulting Services team specialises in the application of International Financial Reporting Standards (IFRS) and provides support and guidance both internally (to Assurance, Global Compliance and Tax teams) and externally in relation to the accounting treatment of specific transactions (i.e. treatment of complex financial instruments, business combinations, lease classifications).

One of our Accounting Consulting Services team, Anna Loizou, is also part of the Global PwC Accounting Consulting Services team specialising in financial instruments and business combinations. The Global Accounting Consulting Services team is responsible for global consistent application of IFRS and the development of IFRS training material and publications such as the PwC - Manual of Accounting. The Audit Methodology team, headed by the Audit Methodology Partner, Stelios

Constantinou, deals with and addresses audit issues, supports teams throughout the audit process and assists in delivering consistent and quality audits in accordance with the PwC audit methodology.

The Assurance Risk & Quality team led by the Assurance Risk & Quality Partner and Chief Quality Officer, Petros Petrakis, provides consultation on risk management matters and assists engagement teams to comply with PwC Network Risk Management Standards.

PwC's audit guide, policies, guidance, templates, professional accounting and auditing standards and technical alerts on new developments are located in electronic repositories and are available to all Partners and members of staff. Consultation teams are responsible to update and/or develop additional policies and guidance where necessary, to comply with local legislative and regulatory obligations. Such updates and new developments are communicated to Partners and members of staff via email alerts and during mandatory training courses.

Supervision and review

Supervision of the audit, review of the completed work and coaching of the team by accredited engagement leaders and managers are key elements in maintaining audit quality. The Engagement Leader, Quality Review Partner and Team Manager document their review of the work done in Aura. Aura includes guidance and audit procedures that need to be performed in order to ensure that engagement teams have appropriately addressed all matters as required by auditing standards. It also enables teams to track the progress of the engagement and follow up pending issues ensuring that all work has been fully completed and appropriately reviewed.

The Engagement Leader is responsible to ensure that the audit is performed and documented as required and the conclusions reached are appropriate, by being timely and sufficiently involved throughout the audit. This includes making key judgments, initiating consultation requests on difficult or contentious matters as deemed appropriate and being satisfied that all risks have been appropriately assessed and responded to.

The Team Manager supports the Engagement Leader by promoting quality and continuous improvement during the performance of the audit, adhering to documentation requirements by being involved throughout the audit and coaching the team members as necessary. This includes identifying the risks and being satisfied that they have been addressed appropriately.

Engagement Leaders and Team Managers cultivate a mindset in which engagement teams are challenged to think, analyse, question and be rigorous in their approach. They apply and promote professional skepticism, foster an integrated coaching culture and demonstrate a willingness to learn and to coach others. Both are responsible to ensure timely reviews of the audit work, quality of the audit process, results and conclusions, and confirm that the audit work was appropriately carried out and documented in the file and the conclusions reached are consistent with the understanding of the engagement.

Rotation policies apply for all Key Audit Partners (including the Engagement Leader and Quality Review Partner). Key Audit Partners involved in audits of High Profile Clients or Listed Public Interest Entities serve in this role only for a period of seven years.

The name and role of the audit Engagement Leader is communicated to the client's Board of Directors and those charged with Governance via our contractual agreement.

Engagement Quality Control Review

A Quality Review Partner (QRP) is appointed on High Profile Clients, listed entities and other Public Interest Entities and engagements identified as high risk. Quality Review Partners are experienced Partners who are independent of the core engagement team. They are appointed in this role based on their expertise and receive appropriate training on the responsibilities of a Quality Review Partner prior to their appointment.

The QRP is responsible for reviewing key aspects of the audit, including independence, significant risks and their responses, judgments made, uncorrected

misstatements, documentation of work done in the areas reviewed, the financial statements, communication with those charged with governance and the appropriateness of the audit report to be issued. The QRP will seek to challenge the audit team in the judgments made and work prepared. QRPs are involved throughout the audit process so that their input is timely.

Differences of opinion

Policies are in place to resolve situations where a difference of opinion arises between the Engagement Leader and either the Quality Review Partner, a technical expert or another Assurance partner in relation to their professional views. Technical panels consisting of Partners independent of the engagement are held as appropriate.

Engagement documentation

Upon completion of an engagement the engagement team is required to assemble the audit file, which comprises of the electronic and hard copy paper file and archive these files within 60 days from the date that the audit report was issued. An automated archiving process exists for the electronic file preventing any further amendments being made to it. The hard-copy paper file is archived using an electronic system for recording purposes, and is retained in a controlled filing cabinet with secure access to which engagement teams have no direct access. View access to the archived files is restricted to the members of the engagement team. Engagement files are retained for a period specified by law.

Monitoring

We recognise that quality in the Assurance services we deliver to clients is key to maintaining the confidence of investors and other stakeholders in the integrity of our work. It is a key element to our Assurance strategy.

Quality monitoring is an integral part of our firm's continuous improvement programme as we constantly seek to enhance our policies and procedures and improve the quality of our work. We therefore implement an internal monitoring programme to monitor the adequacy and effectiveness of our internal system of quality control and address any matters needing improvement.

Responsibility for appropriate quality management lies with the Leadership of PwC Cyprus. This includes effective monitoring processes aimed at evaluating whether the policies and procedures which constitute our Quality Management System are designed appropriately and operating effectively to provide reasonable assurance that our audit engagements are performed in compliance with laws, regulations and professional standards.

Our internal monitoring programme includes:

- testing the effectiveness of controls in place to ensure compliance with ISQC1;
- testing a sample of engagements carried out by the Assurance Risk & Quality team under the supervision of the Assurance Risk Management Partner, to check compliance with our risk management and independence policies and procedures;
- pre-issuance ‘hot’ reviews of compliance with IFRS carried out by our Accounting & Consulting Services team; and
- pre-issuance ‘hot’ reviews of audit work and conclusions reached thereon under our Continuous Improvement Review (CIR) programme.

Our firm’s monitoring programme is based on the PwC Network’s Global Assurance Quality Review (GAQR) Programme. This programme which is based on professional standards relating to quality control including ISQC1, contains policies, procedures, tools and guidance which are used by PwC Network firms. The GAQR programme is coordinated by a central team which consists of a GAQR Leader with a group of International Team Leaders (ITL) who are senior Partners seconded to the GAQR central team by PwC member firms. Provision of oversight by the ITLs and their continuous involvement and support enable a consistent and effective performance of reviews across the PwC Network.

Our firm’s monitoring procedures include an ongoing assessment of the design and effectiveness of our quality management system, as well as a review of completed engagements (Engagement Compliance Reviews – ECR) under our CIR programme. The results of these procedures form the basis for the continuous improvement of our quality management system.

ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are authorised to sign audit or non-audit assurance reports. The review assesses whether an engagement was performed in compliance with PwC audit guidance, applicable professional standards and other engagement related policies and procedures.

Reviews are led by experienced Assurance Partners, supported by independence teams of Partners, directors and senior managers and other specialists. Review teams receive training to support them in fulfilling their responsibilities, and utilize a range of GAQR-approved checklists and tools when conducting their review procedures.

Each engagement reviewed is classified as either “compliant with no comments”, “compliant with review matters” or “non-compliant”. In FY16, 15 files were reviewed, out of which 14 were found to be “compliant with no comments”, 1 “compliant with review matters” and 0 “non-compliant”.

In addition this year, 13 audit engagements have been subjected to pre-issuance “hot” reviews.

The results of the quality reviews are reported to our firm’s leadership who are responsible for analyzing the findings and implementing remedial actions as necessary. In situations where adverse quality issues on engagements are identified, based on the nature and circumstances of the issues, the responsible partner or our firm’s Assurance leadership personnel may be subject to additional training or sanctions in accordance with our firm’s accountability framework.

Partners and employees of our firm are informed about the review results and the actions taken to enable them to draw the necessary conclusions in relation to the performance of engagements. In addition, the GAQR Leader informs engagement Partners of our firm who are responsible for group audits involving cross-border work about relevant quality review findings in other PwC firms which enables our Partners to consider these findings in planning and performing their audit work.

Periodical network integrated reviews are also performed by an independent team from the PwC Network. The scope of this review is to assess the firm’s compliance with the PwC Network Standards.

External monitoring is also undertaken by the firm’s regulator. This year, two monitoring reviews took place:

- Assurance Engagements Compliance Reviews on selected engagements to assess whether these engagements were performed in accordance with professional standards and applicable legal and regulatory requirements, and that the reports issued thereon were appropriate in the circumstances.
- Assurance Quality Review. This is a review of the firm’s internal quality control systems to assess the firm’s adherence to the requirements of ISQC1.

Separate action plans are developed to respond to significant matters arising from each of the above reviews. Specific individuals are responsible for implementing the action plan within agreed time frames. The progress of implementation of the action plan is monitored by the Management Board.

Root cause analysis:

We perform analyses to identify potential factors contributing to our firm's audit quality so that we can take actions to continuously improve. One of our primary objectives when conducting such analyses is to identify how our firm can provide the best possible environment for our engagement teams to deliver a quality audit. We look at audits both with and without deficiencies – whether identified through our internal inspections process or through external inspections – to help identify possible distinctions and learning opportunities.

For individual audits, a team of reviewers that is independent from the engagement team identifies potential factors contributing to the quality of the audit. We consider factors relevant to technical knowledge, supervision and review, professional scepticism, engagement resources, and training, among others. Potential casual factors are identified by evaluating engagement information, performing interviews, and reviewing audit working papers, as appropriate to understand the factors that may have contributed to audit quality (the “why of the why”).

In addition, the data compiled for audits both with and without deficiencies is compared and contrasted to identify whether certain factors appear to correlate to audit quality.

Examples of this data include the hours incurred on the audit, whether key engagement team members are in the same geography as the client, the number of years that key engagement team members have been on the engagement, the number of other audits that engagement Partners are involved in, whether the engagement was subject to pre-issuance review, and the timing of when the audit work was performed.

Our goal is to understand how quality audits may differ from those with deficiencies, and to use these learnings to continuously improve all of our audits. We evaluate the results of these analyses to identify enhancements that may be useful to implement across the practice. We believe these analyses contribute significantly to the continuing effectiveness of our quality controls.

Statement on the effectiveness of the firm's internal quality control system

The PwC network monitors the firm's compliance with network quality requirements and evaluates the effectiveness of our firm's system of internal quality control, which is also subject to review by the local regulator, the Cyprus Public Audit Oversight Board (CyPAOB).

On the basis of the reviews outlined above, the Management Board is satisfied that PwC Cyprus' internal quality control system for Assurance is operating effectively.

Where necessary, a remedial action plan is approved by the Management Board and guidance on areas identified as needing improvement are communicated to Partners and members of staff via mandatory training and other technical communication alerts.





Ethics & Independence

Ethical behaviour guides us in conducting our business. Our aim is not only to abide to ethical requirements but to embrace their spirit.

At PwC, we adhere to the fundamental principles of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants, which are:

a. Integrity – to be straightforward and honest in all professional and business relationships.

b. Objectivity – to not allow bias, conflict of interest or undue influence of others to override professional or business judgements.

c. Professional Competence and Due Care – to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.

d. Confidentiality – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.

e. Professional Behaviour – to comply with relevant laws and regulations and avoid any action that discredits the profession.

In addition, our Network Standards applicable to all Network firms cover a variety of areas including ethics and business conduct, independence, anti- money laundering, anti-trust/anti-competition, anti-corruption, information protection, firm's and Partners' taxes, sanctions laws, internal audit and insider trading. We take compliance with these ethical requirements seriously and strive to embrace the spirit and not just the letter of those requirements. All Partners and staff undertake regular mandatory training and assessments, as well as submitting annual compliance confirmations, as part of the system to support appropriate understanding of the ethical requirements under which we operate. Partners and staff uphold and comply with the standards developed by the PwC Network and leadership in PwC Cyprus monitors compliance with these obligations.

PwC Cyprus has adopted the PwC Network Standards which include a Code of Conduct, and related policies that clearly describe the behaviours expected of our Partners and other professionals – behaviours that will enable us to earn the trust that we seek. Because of the wide variety of situations that our professionals may face, our standards provide guidance under a broad range of circumstances, but all with a common goal – to do the right thing.

Upon hiring or admittance, all Partners and staff of PwC Cyprus are provided with a copy of the PwC Global Code of Conduct. They are expected to live by the values expressed in the code in the course of their professional careers.

Our firm's Partner Responsible for Ethics & Business Conduct, who is supported by a team of dedicated staff, is responsible for ensuring that ethical behaviour is embedded in our culture and that our firm implements a comprehensive action plan to ensure compliance with PwC network ethical standards as well as local laws and regulations.

Policy updates and reinforcement of ethical and professional requirements under which we operate are communicated to Partners and staff in the form of email alerts, regular mandatory training, speeches and presentations made by the CEO and other senior leadership, through posters placed on notice boards in our buildings and screen savers on all personal computers.

Confidentiality and Information Protection

Confidentiality and information protection are key elements of our professional responsibilities. Misuse or loss of confidential client information or personal data may expose the firm to legal proceedings, and it may also adversely impact our reputation.

Our firm's Data Protection Officer is responsible for providing oversight, policy and strategic direction on confidentiality and data privacy matters.

Our firm is required to comply with the relevant PwC Network standard on information protection and the obligations arising from the local data protection legislation regarding handling of confidential information and personal data, and contractual terms govern the use and disclosure of such information.

We have implemented information security policies and procedures aiming to ensure:

- sensitive information is protected from internal and external threats;
- confidentiality, availability and integrity of information is maintained;
- statutory, regulatory and contractual obligations are met;

- access to confidential information is restricted to authorised persons;
- encryption of all the firm's laptops and personal computers;
- software restricts the use of removable media to approved and encrypted devices only;
- access to engagement files – both electronic and hard copy paper files is approved by the engagement leader or manager;
- regular backup of data on individual laptops and personal computers;
- clear-desk policy, both in our offices and at client sites;
- hard copy files not in use are secured;
- remote access to our network is via a secure virtual private network, or equivalent technology;
- policies are in place on the transmission of data by email outside of the organisation; and
- access to operational areas of PwC Cyprus and our buildings is restricted.

The firm's policies and standards are supported by ongoing compliance monitoring. Monitoring is carried out by PwC Cyprus' Information Security Compliance Organisation and is supplemented by checks by the PwC Network's Global Security Organisation.

Complaints and Allegations Policy

Our firm has a Complaints and Allegations policy which is communicated twice a year to Partners and members of staff by the Partner Responsible for Ethics & Business Conduct. Under this policy any partner or member of staff who observes unethical behaviour is encouraged to report it to any member of the Complaints and Allegations reporting team. Our firm has procedures in place to (a) protect individuals raising a concern, from being victimized or losing their job as a result and (b) enable anonymous reporting as well. In addition, clients or other third parties are informed via our contractual agreements that they may also report any such concern to our Partner Responsible for Ethics and Business Conduct.

We are committed to deal responsibly and professionally with any genuine concerns raised about possible malpractice. Concerns should be expressed in good faith, fairly, honestly and respectfully.

Anti-bribery

Compliance with anti-bribery and anti-corruption initiatives is part and parcel of our culture. Our Code of Conduct, the PwC Network Standard on Anti-bribery, the IESBA Code of Ethics and other local legal requirements make it clear that it is unacceptable for our People to solicit, accept, offer, promise, or pay bribes. Policies, training and procedures in respect of anti-bribery are in place to comply with the above rules and regulations

Conflicts of interest

Relevant relationships, potential conflicts of interest and other sensitive situations are identified before accepting a new client or engagement. The Independence team performs checks via internal and PwC Network databases and websites and provides a report to the engagement team with the results. Where conflicts of interest are identified the appointment is either declined or safeguards are applied to make sure that potential conflicts of interest are appropriately managed. These safeguards could include the assignment of separate teams, carrying out the engagements under code names and holding meetings with the clients in relation to the transaction at the clients' respective premises or in designated meeting rooms, amongst other.

Independence

Being objective is a corner-stone value in our profession and it is imperative to maintain our independence in everything we do.

As auditors of financial statements and providers of other types of professional services, PwC firms and their Partners and staff are expected to comply with the fundamental principles of objectivity,

integrity and professional behaviour. In relation to assurance clients, independence underpins these requirements. Compliance with these principles is fundamental to serving the capital markets and our clients.

The PwC Global Independence Policy, which is based on the IESBA Code of Ethics for Professional Accountants, contains minimum standards with which PwC member firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary.

PwC Cyprus has a designated partner (known as the “Partner Responsible for Independence” or “PRI”) with appropriate seniority and standing, who is responsible for implementation of the PwC Global Independence Policy including managing the related independence processes and providing support to the business. The partner is supported by a team of independence specialists. The PRI, who is also a member of the Management Board, reports directly to the CEO.

Independence Policies and Practices

The PwC Global Independence Policy covers, among others, the following areas:

- Personal and firm independence, including guidance on the holding of financial interests and other financial arrangements e.g. bank accounts and loans by Partners, staff, the firm and its pension schemes;
- Non-audit services and fee arrangements. The policy is supported by Statements of Permitted Services (SOPS), which provide practical guidance on the application of the policy in respect of non-audit services to assurance clients; and
- Business relationships, including policies and guidance on joint business relationships (such as joint ventures and joint marketing) and on purchasing of goods and services acquired in the normal course of business.

In addition, there is a Network Risk Management Policy governing the independence requirements related to the rotation of key audit Partners.

These policies and processes are designed to help PwC comply with relevant professional and regulatory standards of independence that apply to the provision of assurance services. Policies and supporting guidance are reviewed and revised when changes arise such as updates to laws and regulations or in response to operational matters.

PwC Cyprus supplements the PwC Network Independence Policy as required by local business and regulatory environment.

Independence Training

PwC Cyprus provides all Partners and staff with annual or ongoing training on independence matters. Training typically focuses on milestone training relevant to a change in position or role, changes in policy or external regulation and, as relevant, provision of services. In addition, Partners and staff receive computer-based training on the firm’s independence policy and related topics. Attendance of training courses and completion of computer based training courses is mandatory and strictly monitored.

Independence-related tools

As a member of the PwC Network, the firm has access to a number of tools which support PwC firms and their staff in executing and complying with our independence policies and procedures.

These include:

- The Central Entity Service (“CES”), which contains information about corporate entities including public interest audit clients and SEC restricted clients and their related securities. CES assists in determining the independence status of clients of the firm before entering into a new non-audit engagement or business relationship. This system drives the “Independence List” and also feeds the Independence Checkpoint;
- “Independence Checkpoint” which facilitates the pre-clearance of publicly traded securities by all Partners, directors and practice managers before acquisitions and records their subsequent purchases and disposals. Where a PwC firm wins a new audit client, this system automatically

informs those holding securities in that client of the requirement to sell the security where required;

- Authorisation for Services (AFS) which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, documenting the potential independence threats of the service and proposed safeguards, and acts as a record of the audit partner’s conclusion on the acceptability of the service; and
- Global Breaches Reporting System which is designed to be used to report any breaches of external auditor independence regulations (e.g. those by regulation or professional requirements) where the breach has cross-border implications (e.g. where a breach occurs in one territory which affects an audit relationship in another territory).

PwC Cyprus also has a number of Cyprus-specific systems which include:

- A rotation-tracking system that monitors compliance with the firm’s audit rotation policies for audit engagement leaders and other key audit Partners;
- A database that records all approved business relationships entered into by PwC Cyprus. These relationships are reviewed on a six monthly basis to ensure their ongoing permissibility.
- A centralized electronic Risk & Quality Helpdesk database, through which all our Partners and members of staff can consult on quality, risk management and independence matters.

Independence confirmations

All Partners and practice staff are required to complete an annual compliance confirmation, whereby they confirm their compliance with all aspects of the firm’s independence policy, including their own personal independence. In addition, all Partners confirm that all non-audit services and business relationships for which they are responsible comply with policy and that the required processes have been followed in accepting these engagements and relationships.

These confirmations act as a reminder of the firm's independence policies and procedures and assist in identifying any potential breaches of independence that may have occurred in order to take appropriate measures to resolve them.

Confirmation of internal review of independence procedures and practices

PwC Cyprus is responsible for monitoring the effectiveness of its quality control system in managing compliance with independence requirements. In addition to the confirmations described above, as part of this monitoring, we perform:

- Compliance testing of independence controls and processes
- Personal independence compliance testing of a random selection of Partners, directors, senior managers and managers to monitor compliance with independence policies; and
- An annual assessment of the firm's adherence with the PwC Network's independence standard.

The results of the firm's monitoring and testing are reported to the firm's management on a regular basis. Based on the reviews outlined above, we confirm that we have conducted an internal review of our independence practices during FY16.

The firm has disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and that require any breaches of independence requirements to be reported and addressed.

This would include discussion with the client's audit committee regarding the nature of the breach, an evaluation of the impact of the breach on the independence of the firm and the need for safeguards to maintain objectivity. Although most breaches are minor and attributable to an oversight, all breaches are taken seriously and investigated as appropriate. The investigation of any identified breaches of independence policies also serve to identify the need for improvement in the firm's systems and processes and for additional guidance and training.

Corporate responsibility

Society's expectations of business are changing at a time when the impact of business megatrends – from climate change to rapid technological innovation – are being felt across the world. Businesses can play a part in helping drive greater transparency, build trust in society and solve important problems to strengthen that trust

In PwC we believe that all together we can create a positive change in our community by doing the right thing for our business, our people, our society and country. We are committed to excellence, quality and integrity and we believe that we can act as a catalyst for change.

Our strategy is centered on the 4 pillars below in which PwC people across the world can play their part:

- Responsible business
- Diversity & Inclusion
- Community engagement
 - Entrepreneurship
 - Supporting Families
 - Health & Wellbeing
 - Education
- Environmental stewardship



Human Resources

***Our People are our biggest asset.
Our vision is to create an innovative,
differentiated organisation that attracts diverse,
talented people and inspires them to achieve their
potential as leaders who build trust in society and
solve important problems.***

Recruitment

We are committed to attracting and retaining the best and brightest graduates and professionals, who share our strong sense of responsibility for delivering high-quality services.

In FY16, we put great emphasis on creating unique career opportunities and a work environment that offers significant personal and professional growth. It has been very rewarding to see these efforts and the culture we are building, attracting high calibre university students.

Our recruitment processes are also key drivers in attracting and recruiting graduates with potential, as well as qualified and experienced professionals with technical expertise, management skills, leadership attributes and personal integrity.

In order to attract these candidates, our Human Capital professionals carried out a series of activities, specifically aimed at recruiting high caliber graduates and professionals, such as:

- Dinner in London for Cypriot professionals working in the UK
- On-campus presentations at top UK universities
- On-campus presentations to University of Cyprus (UCY) students and teaching UCY accounting classes
- Recruitment of top Russian and Ukrainian graduates in close cooperation with the respective PwC firms
- Participation in career fairs at local universities and colleges
- Participation in local high school career fairs

Additionally, as more and more university students are starting their search for a job before their final year at university, we continued to offer a “Summer Internship Programme” so as to boost the students’ employability and help them make better informed career decisions. In the context of this, we also launched a “Summer Placement” programme in cooperation with the UCY.

At the interview stage, assessment of candidates is done against the PwC Professional, our leadership development framework that defines what it means to be a professional at PwC and helps us develop our people into authentic and inclusive leaders. In this way we ensure that we recruit people who match the skills and behaviours we are looking for.

Managing Performance

Meritocracy is at the heart of our performance management system, and our aim has been to continuously build a culture, where people progress and are rewarded based on their contribution and impact.

Our approach to performance management is called “Performance Coaching and Development” (PC&D). In this process, agreed objectives and grade-related skills and capabilities are aligned to the PwC Professional. Moreover, real-time feedback is provided regularly throughout the year focusing amongst other things on technical expertise and quality. This feedback also includes an assessment against the 5 PwC Professional attributes. This feedback then forms a key element of our annual appraisal process.

All People are assessed against their agreed objectives and the feedback received. Based on this assessment, individuals are assigned a performance rating that is benchmarked across the firm and which influences their progression and remuneration, if applicable.

Additionally, in FY16 we continued to administer a confidential, anonymous Upward Feedback Programme for all our Managers, Senior Managers, Directors and Partners, so as to help them in their personal development journey.

Promoting talent

Our goal is to build the iconic professional services organisation by delivering distinctive client service through the quality of our people. Our talent strategy is designed to help our people reach their full potential by providing opportunities for them to continuously develop their leadership skills, grow their careers and deliver consistently extraordinary results for clients.

In FY16, we ran Reflect Development Centres for our Assistant Managers, Career Development Centres for our Managers, Senior Managers and Directors, designed around the PwC Professional attributes, the Orion Executive Coaching Programme for Senior Managers and Directors in collaboration with PwC's Executive Coaching Centre of Excellence, and a series of individual Career Development Conversations with all newly promoted Managers up.



In addition, 5 of our Senior Managers participated in the MyWay Global Key Talent Programme and 14 of our Senior Associates participated in the Altitude Global Key Talent Programme, both of which aim to develop future leaders through high-impact developmental interventions, personal coaching and networking with colleagues from numerous PwC territories.

Engaging our People

In our 2016 Global People Survey we achieved our highest people engagement score to date (81%), with the vast majority of our people feeling proud to be working at PwC (88%), considering our work environment to be socially responsible (90%), demonstrating high standards of ethical conduct (89%) and commitment to providing high quality services to clients (92%).

Continuous Professional Development

Our firm is committed to providing its Partners and People with the relevant opportunities to continuously develop as professionals, reaching the maximum of their potential at every role they are assigned within the Firm.

Over and above our Performance Management and Upward & Peer Feedback processes, our people's professional development is guided through a combination of on-the-job training, coaching and formal training programmes. Formal training programmes ensure that our people meet their Continuous Professional Development (CPD) requirements.

For this reason, we continued to follow the "Approved Employer – Professional Development stream" awarded by the Association of Chartered Certified Accountants (ACCA) and the Institute of Certified Public Accountants of Cyprus (ICPAC).

More specifically, our training curriculum includes internal and external training courses, seminars and e-learns, which are industry-specific, role-specific and cover both technical and business skills.

The firm continuously invests in strengthening the technical knowledge and business skills of our People through:

- PwC global technical training courses, where our People attend technical programmes, such as the Advisory University, International Corporate Tax planning, International Tax Structures.
- Local PwC business skills training courses in all areas of the PwC Professional and including Relationships, Coaching, Leading and Inspiring teams.
- Local PwC technical training courses, in areas such as Assurance methodology, IFRS updates, Quality and Risk Management.
- Local training seminars organised by other bodies in Cyprus, such as The Institute of Certified Public Accountant of Cyprus (ICPAC) and The Cyprus Employers and Industrialists Federation.

In all of the above programmes we have adopted a blended learning approach, which includes virtual training and elearns.

In addition to the formal training programmes, the firm encourages each professional to take ownership for their own continuous professional development, by looking into opportunities for secondment to the PwC Network and also by undertaking development opportunities aligned to their role and grade.



PwC's Academy also ensures that our trainee accountants, under both the Institute of Chartered Accountants in England and Wales (ICAEW) and the Association of Chartered Certified Accountants (ACCA) schemes, are provided with the highest quality education and support. Our trainees' professional examination results in FY16 were outstanding, with pass rates well above the international averages, achieving 100% in some papers.

In FY16, 2 of our ACA trainees received worldwide awards in the ICAEW examinations. More specifically, they have received an award for achieving 1st place in the "Financial Accounting & Reporting" and "Audit & Assurance" Professional Stage examinations, respectively. Moreover, 8 of our ACCA Trainees achieved 1st Pancyprrian place in the ACCA professional examinations of "Taxation", "Financial Reporting", "Audit & Assurance", "Financial Management", "Corporate Reporting", "Business Analysis" and "Advanced Financial Management" and 1 achieved 3rd place amongst the top 3 Affiliates in Cyprus.

Investors in People

We continue to be one of the elite top organisations across the world to hold the highly prestigious Investors in People CHAMPION and Investors in People GOLD accreditation in Human Capital management, which reflect the quality of our people management practices, the strength of our culture and our commitment to continuous improvement.

We are continuously investing in new ways of improving our workplace. This is a long-term commitment, reflecting awareness that our People make their greatest contribution when their quality of life is well-balanced with their professional obligations.



Our firm's revenue increased by 0,4% to **€79,8m** compared to €79,5m in FY15.

Revenue

Financial information

Assurance & Advisory



Assurance - 73,5%	€ 23.551
Consulting - 16,5%	€ 5.282
Deals - 10,0%	€ 3.210
Total - 100%	€ 32.043

Tax & Legal



Corporate Compliance - 51,9%	€ 24.782
Tax Advisory - 25,9%	€ 12.363
Indirect Tax - 9,5%	€ 4.531
Company Administration - 4,9%	€ 2.332
Legal - 7,8%	€ 3.780
Total - 100%	€47.788

Corporate Compliance

Our Corporate Compliance practice achieved net revenues of **€24,8m**, a decrease of 7,1% compared to FY15 of €26,7m.

Tax Advisory

Our Tax Advisory practice's net revenues increased by 5,1% to **€12,4m** from €11,8m in FY15.

Indirect Tax

Our Indirect Tax practice achieved net revenues of **€4,5m** being an increase of 2,3% compared to FY15 of €4,4m.

Company Administration

Our Company Administration practice achieved net revenues of **€2,3m**, an increase of 15,0% compared to FY15 of €2m.

Legal

Our Legal and Corporate Support practice achieved same net revenues compared to FY15 of **€3,8m**.

Assurance

The Assurance practice net revenues decreased by 0,8% to **€23,5m** from €23,7m in FY15.

Deals

The Deals practice net revenues increased by 33,3% to **€3,2m** from €2,4m in FY15.

Consulting

Our Consulting practice achieved net revenues of **€5,3m**, an increase of 12,8% compared to FY15 of €4,7m.

Provident Funds

The firm maintains a Partners and Directors Provident Fund and a Personnel Provident Fund (the Funds). As at 30 June 2016 the Funds which are defined contribution schemes had a total of 688 members (30 June 2015: 672). In FY16 the two Funds received contributions of €2,0m (FY15: €1,7m), had net assets at 31 December 2015 of €34,8m (31 December 2014: €35,2m) and net income for the year ended 31 December 2015 of €0,9m (31 December 2014: €1,6m).

Operating Costs

Total costs have increased by 8% with staff costs recording a 6,5% increase over the prior year. Other operating costs have increased by 12,2%.

Capital Expenditure

As part of the continuous effort of maintaining the best working facilities and keeping abreast with the latest state of technology, an amount of €2,9m (FY15: €1,1m) was expended mostly on computer hardware and software and on leasehold improvements and office furniture.

Total Tax Contribution

State revenues from the firm emanate from payments of direct and indirect taxes as well as social insurance and special contributions. The firm's partners and staff paid €13,0m (FY15: €14,7m) in direct taxes, social insurance and special contributions. Further to this, the firm paid €11,8m (FY15: €11,5m) in VAT, and €3,7m (FY15: €3,6m) in social insurance and special contributions.

Working Capital Policy

Debtors and work in progress. The average number of credit days outstanding for this year was 69 (FY15: 65). We also try to reduce the number of days between the time work is carried out and the time of billing it. The average number of days of work in progress for the year was 7 days (FY15: 5 days).

Creditors

Creditors are paid promptly with the average number of days between receiving and settling the invoice for FY16 was 31 days (FY15: 31 days).

Financing

The firm's financing emanates from partner's capital, retained profits coupled with short term external financing. As in last year, the firm did not utilise any of the bank facilities at the end of FY16 as compared to the bank facilities available of €14,6m.

Partner remuneration policy

Partners are remunerated based on the Partner Income Framework (PIF), which is revised every 5 years. The current PIF regulates the remuneration of Partners for the five years FY13 - FY17 and comprises of the following three components:

- **Equity income** – dividend payments reflecting each Partner's share in the profits of the company. All our Partners are equity Partners. Each year each partner receives an equal number of additional shares which results in the relative Profit Sharing Ratios (PSR) of newer Partners increasing and consequently the PSR of long serving Partners reducing.
- **Responsibility income** – a monthly salary reflecting the Partners' role and responsibilities. The PIF recognises the following bands of responsibility pay:
 - Chief Executive Officer
 - Members of Management Board
 - Members of Oversight Board and
 - Partners
- **Performance income** – a preference dividend payment reflecting the assessment of how each partner has performed, using a Partner Performance and Development System (PPDS).

Within the context of the PPDS, each partner's performance income is determined by assessing achievements against an individually tailored balanced scorecard of objectives, based on the partner's role and responsibilities. These objectives include ensuring that we deliver quality services and maintain our independence and integrity.

Quality failings identified either through regulatory reviews or internal quality reviews impact the remuneration of audit Partners, through an accountability framework.

Key Audit Partners, whilst being responsive to client needs are not evaluated or remunerated for the selling of non-audit services to their audit clients.

The PPDS adopts 4 performance ratings and a range of weights that gives the flexibility for fairer allocation of the performance income in accordance to partner performance and contribution.

In FY16, the split of the total after tax partner remuneration under the three components was as follows: 41% equity income, 45% responsibility income and 14% performance income.

The PPDS process takes place as follows:

- partner self-assessment and form submission to Primary Reviewing Partner (PRP);
- PRP and partner hold a meeting;
- PRP and Secondary Reviewing Partner (SRP) collect feedback and undertake initial assessment;
- moderation and finalisation of partner ratings;
- meetings with individual Partners to brief them of final rating and finalise objectives set for the next financial year; and
- the Oversight Board approves the process and oversees its application.

List of public interest entity audit clients

During FY16, PwC Cyprus has issued a statutory audit opinion in relation to the following entities:

Listed entities

Amathus Public Ltd
Apollo Investment Fund Public Company Ltd
Camposol Holdings Plc
Claridge Public Ltd
Constantinou Bros Hotels Public Company Ltd
Cytrustees Investment Public Company Ltd
Deep Sea Supply Ltd
Ermes Department Stores Plc
GAP Vassilopoulos Public Ltd
Global Ports Investments Plc
Globaltrans Investment Plc
Interfund Investments Public Company Ltd
K + G Complex Public Company Ltd
LCP Holdings and Investments Public Ltd
Leptos Calypso Hotels Public Ltd
Mallouppas & Papacostas Public Company Ltd
Mitsides Public Company Ltd
Pandora Investments Public Ltd
Philoktimatiki Public Ltd
Ros Agro Plc
S.D. Standard Drilling Plc
SONGA Offshore SE
Sun Interbrew Ltd
TCS Group Holdings Plc
The Cyprus Cement Public Company Ltd
Unifast Finance & Investments Public Company Ltd
Woolworth (Cyprus) Properties Public Ltd

Banking institutions

Bank of Piraeus (Cyprus) Ltd
Barclays Bank Plc - Cyprus Branch
Eurobank Cyprus Ltd
RCB Bank Ltd
EFG Bank (Luxembourg) SA – Cyprus Branch

Insurance companies

AIG Europe Limited
CNP Asfaltistiki Ltd
CNP Cyprialife Ltd
Commercial General Insurance Ltd
HD Insurance Limited
Insurance Company The (Central) Ltd

Note: the above list excludes Public Interest Entities for which PwC has carried out statutory audit work but has not issued an audit opinion during FY16.

Appendix A – Head of the Legal Practice



Spyros A Evangelou

Partner
In charge of Legal Practice
S.A. Evangelou & Co LLC

Spyros has an LL.B (Hons), is Barrister of Gray's Inn, a TEP (Trust and Estate Practitioner) and an Advocate of the Supreme Court of Cyprus. He was called to the English Bar and has been in Private Practice since 1991 when he set up his own legal firm. Before returning to Cyprus, Spyros acquired working experience in England and his practice areas include Business Law, Company Law and Tax Law. Spyros has a special interest in Trusts and has been advising clients in setting up trusts among others for personal, succession, asset protection and commercial purposes.

Appendix B – Board of Directors

The members of the Board of Directors during the financial year ended 30 June 2016 were as follows:

Evgenios C Evgeniou - Chief Executive Officer (CEO)
Costas L Mavrocordatos - Head of Tax & Legal (retired 30 September 2015)
Liakos M Theodorou - Head of Assurance & Advisory
Vasilis Hadjivassiliou - Assurance & Advisory
Androulla S Pittas - Assurance & Advisory
Christos M Themistocleous - Assurance & Advisory
Panicos Kaouris - Tax & Legal
George M Loizou - Tax & Legal
Pantelis G Evangelou - Tax & Legal
Stelios C Constantinou - Assurance & Advisory
Tassos Procopiou - Assurance & Advisory
Andreas T Constantinides - Assurance & Advisory
Theodoros C Parperis - Head of Tax & Legal
Constantinos H Constantinou - Assurance & Advisory
Petros C Petrakis - Assurance & Advisory
Philippos C Soseilos - Assurance & Advisory
Christos H Tsolakis - Assurance & Advisory (resigned from the Board 07 December 2015)
Nicos A Theodoulou - Assurance & Advisory
Cleo A Papadopoulou - Tax & Legal
Marios S Andreou - Tax & Legal
Nicos P Chimarides - Tax & Legal
Aram A Tavitian - Tax & Legal
Constantinos Taliotis - Assurance & Advisory
Stavros A Kattamis - Functions
Yiangos A Kaponides - Assurance & Advisory
Tasos N Nolas - Assurance & Advisory
Chrysilios K Pelekanos - Tax & Legal
Eftychios G Eftychiou - Tax & Legal
George C Lambrou - Assurance & Advisory
Chris Odysseos - Tax & Legal
Dinos L Kapsalis - Tax & Legal
Stelios Violaris - Tax & Legal
Tony Hadjiloucas - Tax & Legal
Petros N Maroudias - Tax & Legal
George C Kazamias - Assurance & Advisory
Loizos A Markides - Assurance & Advisory
Antonis C Christodoulides - Tax & Legal
Anna G Loizou - Assurance & Advisory
Vassilios G Vrachimis – Assurance & Advisory
Varnavas N Nicolaou – Tax & Legal
Christos S Charalambides – Tax & Legal

Appendix C – Management Board

The members of the Management Board who have served during financial year ended 30 June 2016 are:

Evgenios C Evgeniou is the CEO and Senior Partner of PwC Cyprus. He is also a member of the EMEA Leadership Team of PwC.



He started his career with PwC in 1990 and was admitted to partnership in 2001. He has worked with PwC in London and on secondment in Athens and Moscow. Prior to assuming his CEO responsibility, he was a member of the firm's Executive Board, the Banking and Capital Markets Services leader and the HC leader. He was also a member of the management team for the Assurance practice of PwC in continental Europe.

Evgenios is the President of the Cyprus-Russia Business Association and a Vice President of the Board of the Nicosia Chamber of Commerce. Evgenios graduated from Imperial College London and he is a Fellow of the Institute of Chartered Accountants in England and Wales. He has attended leadership development programs of PwC and at INSEAD.

Costas L Mavrocordatos was the Head of the Tax and Legal Services of PwC in Cyprus until his retirement on 30 September 2015.



He is a Law Graduate, a Fellow of the Institute of Chartered Accountants in England and Wales and of the respective professional body in Cyprus (ICPAC) and a Fellow of the Society of Trust and Estate Practitioners of the U.K. He has been a partner of the firm since 1993. He has in depth experience in international structuring, cross border transactions, in the set up and administration of companies and trusts internationally and specialises in the fiduciary services industry.

Costas is the President of the International Business, Shipping and Foreign Investments Committee of the Institute of Certified Public Accountants of Cyprus. He is a presenter at various international conferences and contributes regularly with articles to the local and international press.

Liakos M Theodorou is Head of Assurance & Advisory. He has extensive experience in auditing and business advisory services with a client portfolio of local and international companies. He was the PwC Cyprus shipping industry leader for a number of years providing professional services to a number of major shipping and ship management groups.



He is currently the Vice President on Economic affairs of the Limassol Chamber of Commerce and Industry and a Member of the Council of the Cyprus Chamber of Commerce. He was a member of the Council of the Institute of Certified Public Accountants of Cyprus for the past three years and he has also served following an appointment from the Council of Ministers of Cyprus, as one of the members of the Cyprus Commission for the Protection of Competition from 2003 to 2008. Liakos has an Honours degree in Economics from London School of Economics and is a Fellow member of the Institute of Chartered Accountants of England and Wales. He has attended a number of PwC and business school professional development programs and he participated in the "Ulysses" leadership development program in 2005 during which he has worked with the UN for two months in Kenya.

Christos M Themistocleous is the Head of Risk & Quality and Operations as well as the Partner Responsible for Independence, Ethics & Business Conduct. He is an Assurance partner with extensive experience in the audit of hotels and land developers.



Christos graduated from the London School of Economics and Political Science (LSE), is a Fellow member of the Institute of Chartered Accountants in England and Wales (ICAEW) and of the respective professional body in Cyprus (ICPAC).

Theo C Parperis is a member of the Management Board and Head of Tax and Legal Services of PwC Cyprus. Theo was previously in charge of Global Compliance and Wealth Management Services.



He is primarily engaged with international clients operating in a broad range of sectors, including trade in oil and commodities (e.g. metals), transportation, shipping, tourism, manufacturing, information and technology. His clientele also includes a number of High Net Worth Individuals.

Theo graduated from the London School of Economics and Political Science (LSE) and is a Fellow member of the Institute of Chartered Accountants in England and Wales (ICAEW). Theo has also served as president of the Institute of Certified Public Accountants of Cyprus (ICPAC) from June 2011 to June 2013.

Philippos C Soseilos is the Head of Human Capital and the Partner in Charge of the Consulting Competence of the firm. He has significant experience in the areas of Business and Human Resource Consulting.



Philippos graduated from the University of Witwatersrand Johannesburg, is a Fellow member of the Institute of Chartered Accountants in England and Wales (ICAEW) and of the respective professional body in Cyprus (ICPAC) and a member of Cyprus Association of Human Resource Management.

Appendix D – Oversight Board

The members of the Oversight Board who have served during financial year ended 30 June 2016 are:

Andreas T Constantinides, is the Chairman of the Oversight Board responsible to oversee the Firm's compliance with Governance Standards relating to partners affairs. He is a Partner with the Consumer and Industrial Products and Services (CIPS) Competence of the firm in Nicosia. Andreas graduated from Warwick University, is a Fellow member of the Institute of Chartered Accountants in England & Wales (ICAEW) and of the respective professional body in Cyprus (ICPAC).



Chrysilios K Pelekanos, is the Partner responsible for the Indirect Tax Competence of the firm. Chrysilios graduated from the University of Manchester and is a Fellow member of the Institute of Chartered Accountants of England and Wales (ICAEW) and of the respective professional body in Cyprus (ICPAC).



Androulla S Pittas, is an Assurance Partner specialising in the audits of companies in the Financial Services Sector and has an extensive experience in assurance services. Androulla graduated from University College London, and is a Fellow of the Institute of Chartered Accountants in England & Wales (ICAEW) and of the respective professional body in Cyprus (ICPAC).



George C Lambrou, is an Advisory Partner, heading the Risk and Regulatory Compliance services for the banking and investment management sectors as well as the Internal Audit and Operational Effectiveness offerings across industries. George received his undergraduate and postgraduate degrees from the University of Cambridge, UK, and his MBA (Dean's List) from the INSEAD business school, France. He is a Fellow member of the Institute of Chartered Accountants in England & Wales (ICAEW) and of the respective professional body in Cyprus (ICPAC).



Constantinos H Constantinou, is the Partner Responsible for the Deals/ Corporate Finance Competency of the firm. He received his undergraduate degree from Carnegie - Mellon University, Pittsburgh, U.S.A and his MBA degree from Sloan School of Management, Massachusetts Institute of Technology (MIT), Boston, U.S.A. Constantinos is a Fellow member of the Institute of Chartered Accountants in England & Wales (ICAEW) and of the respective professional body in Cyprus (ICPAC).



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Paphos

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