

---

# *Cyprus Annual Review 2017*

Doing the right  
thing for our  
clients, our people  
and our society.

September 2017



# Key performance indicators



## Awards & Accreditations

- Investors in People (IIP) Champion



- Investors in People (IIP) Gold



- ACCA Approved Platinum Employer



Trainee Development - Platinum

- Gender Equality in the Working Environment



## Financial performance

**€77,8m** net revenues

**€27,7m** Total contribution to government revenues including, corporation tax, special contribution for defense, PAYE, VAT, social insurance and special contribution



## Our People

Almost **1000** people including  
**396** qualified accountants and  
**779** University Graduates

**137** Promotions

**74%** People Engagement Index score<sup>1</sup>

More than **110** new recruits

**66** newly qualified ACA and ACCA  
accountants

**13** international secondments in other PwC  
firms around the world

**4** worldwide awards in the Institute of  
Chartered Accountants in England and Wales  
(ICAEW) professional examinations

**14** Pancyprrian awards in the Association  
of Chartered Certified Accountants (ACCA)  
professional examinations, 1 achieved 1st  
place amongst the top 3 Affiliates in Cyprus  
and 3 achieved 2nd place amongst the top 3  
Affiliates in Cyprus.

<sup>1</sup> Employee feedback obtained through our  
Global People Survey



## Corporate responsibility

**€74.000** worth of pro-bono and  
discounted services donated to community  
organisations and charitable institutions

**€69.000** donated to non-profit  
organisations to support charitable causes

**€110.000** were invested in our  
entrepreneurship initiatives

**500** people from our organisation have  
volunteered by participating in many of our  
activities

## Contents

---

<b>CEO's message</b>	02
----------------------	----

---

### Our Services

– Message from the Head of Assurance & Advisory	04
– Assurance, Advisory, Deals and Business Consultancy services	05
– Message from the Head of Tax & Legal	10
– Tax Advisory, Indirect Tax Advisory, Legal Advisory, International Private Clients and Tax Reporting Strategy	11

---

### Clients and markets

– Industries	15
– International Markets	24

---

---

<b>People</b>	32
---------------	----

---

---

<b>Firm</b>	40
-------------	----

---

---

<b>Corporate Responsibility</b>	47
---------------------------------	----

---

---

<b>Our Brand</b>	69
------------------	----

---

---

<b>Financials</b>	76
-------------------	----

---

# CEO message



Evgenios C Evgeniou  
CEO  
PwC Cyprus

*FY17 has been another year full of challenges, with several key milestones. We are proud to see the results of our effort which is directed towards supporting local businesses, foreign investors and our community as well as towards transforming our business in ways that enable us to deliver the highest quality of services to our clients.*

*The economy is demonstrating positive growth and foreign direct investment inflow is on the rise. New investment opportunities are being created in traditional and emerging economic sectors. Confidence in the Cypriot economy has been largely restored but challenges do remain.*

*Addressing the issue of non-performing loans and upgrading our economy to investment grade rating are key. We also need to continue with the necessary reforms so as to significantly improve the position of Cyprus in the international doing business and competitiveness rankings and move into the digital age.*

*In this ever- changing and highly competitive international environment, we are guided by our purpose and our Annual Review, for the financial year which ended on 30 June 2017, confirms the positive impact of our organisation in building trust in society and solving important problems.*

## *Financial performance*

Revenues totalled €77,8 million, demonstrating once again our organisation's strong position in the market. In addition, during the year our teams achieved significant new wins that demonstrate the strength of our audit, advisory, tax and industry capability. Our overall contribution to state revenues, in the form of direct and indirect taxation and other contributions stood at €27,7 million.

Our financial performance over the past years evidences that our clients recognise our objective to stay focused in delivering the right services and skills to help them deal with the issues they are facing and being successful in a challenging marketplace.

## *Transforming the way we do business*

Operating in a sector faced with major challenges such as international and European developments in tax, transparency and regulation issues as well as geopolitical uncertainty in key markets for Cyprus, it is important to remain agile and respond to new conditions in an effective way. The only way forward is by evolving our strategy, focusing on quality and streamlining of procedures, coupled with fully embracing the digital era.

During the year, we have reorganised both lines of service and continued building new service capabilities that are relevant to the market. A number of technology and business transformation projects are underway making our organisation fit

for sustainable growth. Our experts are continuously monitoring the market and exploring new opportunities for launching exciting new services in response to our clients' needs. Shaping Cyprus as a funds centre, strengthening our services to private clients and continuing to explore new ways in which we can bring value to clients in the digital transformation and cyber security space will remain as priorities.

### *Delivering client value*

Evaluating and continuously improving the value we deliver to our clients is a primary focus for our organisation and our people. In this respect, we have developed a new comprehensive plan which reflects the strategic importance we place on obtaining client feedback. Using a variety of methodologies our aim is to elevate client feedback management to a next level. We are proud when hearing our clients say that they have witnessed our values come to life in many projects. We remain committed in listening to what they have to say and using this information in a way that will help us offer the value they are looking for. The effort to be market focused and client centric is never ending. We focus on priority industries and markets to bring a broad range of experts to solve client problems.

### *Giving back to our community*

Our Corporate Responsibility programme uses our skills, time, resources and relationships to work with others in order to make a difference and create a lasting impact.

Our CR programme focuses on responsible business, diversity and inclusion, community engagement, entrepreneurship and environmental stewardship. We are convinced that the road to growth passes through entrepreneurship and that is why we have joined forces with bodies and institutions that aim to foster an entrepreneurial culture. Our aim is to support young people to develop their ideas that will lead to the creation of an innovation and knowledge-based economy.

### *Our people*

We continue to place emphasis on attracting talented people and providing them with the support and expertise needed to help them develop and succeed in pursuit of their goals. We remain one of the few organisations worldwide to hold the highly prestigious Investors in People CHAMPION and Investors in People GOLD accreditation in Human Capital management. The worldwide and Pancyprrian exam successes of our trainee accountants continue to make us proud. During FY17 our trainees achieved 4 worldwide awards in the Institute of Chartered Accountants in England and Wales (ICAEW) professional examinations and 11 Pancyprrian awards in the Association of Chartered Certified Accountants (ACCA) professional examinations. We will continue to invest in the development of our people, to give them flexibility and an exciting work environment.

### *The year ahead*

Looking at the year ahead, we will continue to use our expertise and strong connectivity to our international network to support Cypriot businesses as well as to promote Cyprus as an investment destination.

Our priorities include transforming our business model by bringing the firm in the digital era, driving client centricity and market focus, energising our people and investing in new services. Primarily we strive to be true to our purpose and to live our values.

The driving forces behind our eagerness to excel are our clients and our people to whom I would like to express my greatest gratitude and appreciation for their trust.



Evgenios C Evgeniou  
CEO

September 2017

# Our services



*Liakos M Theodorou*  
Head of Assurance & Advisory

## Message from the Head of Assurance & Advisory

*FY17 has proved to be more challenging than we initially thought and despite winning a number of new assignments it was not possible to achieve our targets, ending up with lower Assurance & Advisory Gross Revenues as compare to our budgets. We are however determined to reverse in FY18.*

*The Bank of Cyprus decision after a competitive process, to appoint us Group Auditors as of 1 January 2019 and more importantly the excellent feedback received for the quality of our proposal and for our pitch presentation right at the end of FY17, gives us the energy and confidence to look into the future with optimism.*



Aura

Our global ERP system driving global quality and consistency



Halo

Market-leading technology designed to test information reliability in real time



Connect

A collaborative workflow tool allowing fast, secure information sharing

# Assurance services

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

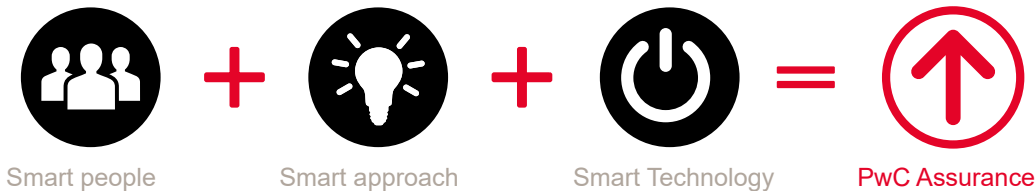
Going forward we will restructure our audit teams in order to focus on meeting expectations of clients who have different value perceptions regarding their audits. Clients will be serviced by dedicated teams taking into consideration their specific needs, knowledge of their business, industry and technical complexity.

The audit landscape is undergoing a significant reshaping through the recently adopted EU audit reform legislation, which, amongst others, imposes a requirement for mandatory audit firm rotation that will lead to considerable reshuffling in the marketplace, as traditional client relationships will be affected. In turn, the tighter restrictions on the provision of

non-audit services and the imposition of fee caps will dictate a new commercial reality on audit firms that will need to redesign their broader business strategy and channel choice targeting models. The aforesaid developments are only an indicative subset of the new wave of changes impacting the audit profession. We look forward to embracing these changes with the aim to restore public confidence and build trust in the communities we operate.

Additionally due to the rapid movement of technology and the changes our clients are making in their own businesses and operations, it becomes increasingly necessary to change the way we, as auditors, deliver our services. Our focus will inevitably be directed to investing in technology (automation, simplification and streamlining), improving processes/ approach and strengthening the experience of our people.

Audit quality has been and shall continue to remain at the centre of all initiatives. The multiple challenges that our profession is facing represent a unique opportunity to use them as a platform for building trust and confidence back into the system.



## Advisory Services

In Advisory, over the past years both Consulting and Deals have been extremely successful in growing our business, turning challenges into market opportunities and building new capabilities. Consulting and Deals have evolved over time and have developed specialised expertise in industries and products for which there is strong market demand. The in depth expertise and ability to provide innovative solutions to clients has allowed the firm to secure its leadership position in the market.

Our ambition is for our Advisory practice to continue to grow and to strengthen its leadership position. To realise this, we decided for Consulting and Deals to join their skills, talent and market access and to proceed as a single Advisory business unit. We believe that this development will give our Advisory a significant competitive advantage and will make the solutions offered a compelling proposition for winning new business and for accelerating our growth in new business consulting areas. The unified Advisory team will allow us to develop more comprehensive solutions to the different issues that our clients are facing and to pro-actively go to market in a differentiated manner that will further reinforce our leadership role.

***Our integrated **Advisory** practice working together with our PwC network colleagues aims to identify, pursue and execute business opportunities through the offering of multi-skilled solutions to business problems. In doing so, we deliver value and bring the benefit of all of our services and expertise to our local and international clients, public and private companies, bringing together a diverse team of experts that work together to meet their increasingly complex needs.***







## *Deals*

Our Deals team provides advisory services on:

- *Mergers and acquisitions*
- *Valuations*
- *Feasibility studies*
- *Business restructuring and turnaround*
- *Crisis Management*
- *Due Diligence*
- *Capital markets advisory services*
- *Other financial advisory services*

Our team offers complete and effective solutions to companies of the private and public sector. The specialised advice and continuous support we offer to our clients has the ultimate aim of enhancing shareholder value.

During FY17, we have been providing continuous support to all large banking institutions of the island on a wide variety of issues, including among others M&A support, capital enhancement support and assistance with the implementation of IFRS 9. We are constantly monitoring developments in the banking industry

and we are ready in cooperation with our Network specialists to add value to our clients in a fast-changing sector.

We facilitate transactions taking place in Cyprus by offering valuation services to our clients, supporting them with the negotiations and assisting them in the structuring of deals. During FY17, we have been involved in several deals, some of them in the real estate sector where clients combined an investment in Cyprus as a condition for the naturalisation and citizenship scheme.

In regards to transaction support, during FY17, we have been involved in a number of due diligence assignments related to companies in different sectors of the economy including Banking, Financial Services, Hospitality and Leisure, Pharmaceuticals and other sectors.

## Business Consulting

Our Consulting team provides Advisory services broadly in the following areas:

- Risk Management and Regulatory Compliance
- Technology Consulting including digital transformation
- Strategy and Operational Effectiveness
- People Effectiveness
- Immigration and Mobility
- Family Governance and Succession planning
- Sustainability and Climate Change
- European Programme Management

Our Consulting team comprises a large number of experienced professionals from diverse backgrounds with solid technical expertise, offering tailor-made, value-adding solutions to local and international clients across a wide range of industries.

Our long standing presence in the Cypriot market is based on the trust and satisfaction of our clients. Within FY17, we worked extensively with the public sector, banks, investment firms, local family businesses, shipping companies and other private sector clients, helping them steer through these volatile times and transform their current organisational model into one that enables

sustainability and growth. Our team also has substantial experience working with international clients who use Cyprus as a business base. We support such clients in the areas of regulatory compliance but also to set up and operate successfully through local presence, which is an increasing trend for big groups.

We offer solutions and work with our clients to help them protect and strengthen every aspect of their business from strategy through to execution in all areas including business plans, people, performance, systems etc. We can add significant value to clients who want to:

- Embark upon a digital transformation journey which also covers the ability to obtain greater insights from leveraging data and analytics as well as the ability to protect the business from the increased Cyber risks.
- Manage their processes efficiently, while mitigating inherent business risks and strengthening internal controls
- Obtain the required licenses to offer regulated services in Cyprus (e.g. banking, investment, fund, insurance, fiduciary services)
- Proactively address the requirements of both local regulators (Central Bank of Cyprus, Cyprus Securities and Exchange Commission, Superintendent of Insurance) and European regulators (e.g. European Central Bank)



- Manage their capital and liquidity resources efficiently and effectively whilst adhering to regulatory requirements
- Develop risk modelling and stress testing capabilities in line with industry best practices
- Achieve compliance with FATCA, the Common Reporting Standard, as well as local Immigration and Employment Legislation
- Increase the Board's effectiveness and strengthen the Corporate Governance of the organisation
- Set up the right teams and maximize talent and performance, mobilizing international transfers as required
- Establish family governance and successful succession planning by implementing the Family Business Advisory methodologies and tools
- Manage people issues and challenges through setting up the right human resource systems and processes
- Successfully implement workplace transformations and change through a tailored solution that leverages on their strengths and achieves sustainable change



- Appreciate the importance of understanding and shaping workplace culture to enable corporate performance and strategic shifts
- Establish, enhance and strengthen the Internal Audit department's capabilities
- Have in place a framework which effectively addresses fraud prevention and detection
- Have insights on the integrity and background of new business partners and prospective employees
- Gain competitive advantage by leveraging Information Technology for the benefit of their organisation
- Effectively manage their sustainability challenges including energy management, environmental compliance and corporate responsibility

Our Financial Services Risk and Regulation team worked closely with many banks and investment firms during FY17, helping them to successfully navigate through the new regulatory landscape and better understand and manage their current and emerging risks. Some of the challenges with which we assisted our clients arose from regulatory reforms, more stringent capital requirements, new risk and data management considerations, new liquidity standards, the need for enhanced risk modelling and stress testing capabilities, as well as increased reporting requirements.

Following the substantial changes to the International Tax Landscape and the need for the creation of substance, our Immigration and Mobility Services team is assisting international companies to create substance as well as to relocate their personnel. Our services include corporate relocation assistance (e.g. find office space and generally setting up in Cyprus), issue of work permits and personal pathfinder services to High Net Wealth Individuals and employees (e.g. find housing, schooling, relocation induction and coaching, obtain a driving licence etc.). We support wealthy individuals obtain the Cyprus Citizenship by Investment, or Permanent Residence, being one of the leaders on the island with 100% success rate. We have retained and strengthened our position in providing recruitment services to a number of financial services organisations, by handling middle to top management specialised positions, supporting also clients in other industries and international groups.

The issues of sustainability are gradually becoming part of Managements' day to day decision making processes. We have maintained our position as the leading sustainability services team winning high profile assignments in the areas of energy management, corporate responsibility strategy development and reporting.

The past few difficult years have helped us adapt to new market opportunities by offering flexible, tailored, cost-efficient solutions. Our local teams, partnered with the support of our Global network, continue to work alongside our clients and deliver transformational solutions based on their specific circumstances, ultimately offering them the value they have come to expect from PwC.

# Our services



Theo C Parperis  
Head of Tax & Legal

## Message from the Head of Tax & Legal

*Tax and Legal services (TLS) comprise the full spectrum of one stop service for local and international clients providing expert advice to resolve issues and add value in support of transactions from strategy to execution.*

Our services are tailored made for both corporate and private clients. Our TLS services to corporate clients include tax planning, advice on setting up substance, corporate governance and operations in Cyprus, structuring of finance and other business transactions using Cyprus companies, support in execution of transactions and full statutory, tax and legal compliance.

Our TLS services to private clients focus on asset protection, family governance matters, global statutory and tax compliance, tax advice on structuring, support of transactions and tax residence and domicile issues.

We reviewed the market trends and developments, listened to our clients and understood their needs better and adjusted our strategy accordingly, and using our client centric approach we have restructured significantly our TLS service offering.

The underlying principles of our restructuring were (i) market focus and (ii) distinguish clearly the advisory services from the compliance services.

As from FY18 our TLS will comprise the following competencies:

- Tax Advisory
- Indirect tax advisory
- Legal
- International Private Clients (IPC)
- Tax Reporting & Strategy (TRS)

As a result all tax, VAT, legal and statutory reporting & compliance work is performed by TRS. The other competencies focus entirely on providing expert advice and support to clients in their day to day issues. The above strategic transformation of our TLS service offering allows us to invest in our people, technology and new services according to the client present needs.

During the FY17, we have launched two important new services within TLS which demonstrate great potential

- Funds set up and administration services
- Multi Family Office services

The new services compliment the reformed TLS services and are part of IPC services.

Given the various complexities and widespread expertise required in TLS, close collaboration within TLS is of paramount importance. For this reason, we have invested in this area and during the year we have collected ideas from our staff, bottom up, on how to improve further our collaboration. The best ideas have been selected and adopted. This proves that collectively we can continue to improve our services and strive for success.

Another area which we have invested significantly during FY17 was technology. More than 40 processes in TLS have been automated achieving better efficiencies and consistency on quality of deliverables.

The business and regulatory environment is expected to remain challenging in the new financial year (FY18), however, the new TLS structure, our new services, our leading position in the profession, our client centric approach and above all the quality of our people gives us confidence that, we are well equipped to take advantage of opportunities which will arise.

## *Tax Advisory*

The initiatives by the OECD on Base Erosion and Profits Shifting and the signing of the Multilateral Instrument and the EU developments in the form of the Anti Tax Avoidance Directives, DAC3 and recent ECJ decisions on State Aid, have brought about the most significant changes in the field of direct taxation in decades.

Taxation, now more than ever before, carries reputational risks for companies and it has therefore been elevated to a Board of Directors matter with C-suite executives paying particular attention to it. It is well accepted that tax strategy needs to be aligned with the business strategy and operational model of each organisation. At the same time the Cyprus tax authorities are following the international developments, are fully aligned with transparency and exchange of information and are themselves becoming more sophisticated whilst introducing new rules and practices, like the recently introduced Transfer Pricing rules on intergroup financing transactions.

As PwC Tax Advisory, we are keeping abreast of all the developments and we have been adapting and investing in new specialisations to be able to assist our clients in this ever changing and complex new environment.

In addition to having the capacity to advise on all areas of taxation including Corporate Tax Advisory, International Tax Structuring, Private Clients, Tax Investigations and Tax Accounting, we have created teams of specialists for Transfer Pricing, Country by Country Reporting, Exchange of Information and State Aid. Our people actively participate in our PwC international network teams to ensure they are up to date with all issues relating to their expertise. We have people on international secondments to acquire further expertise on their subject matters and we also have people who have attended specifically tailored 5-week State Aid courses at a European University and passed the relevant exams.

We have remained very active in spearheading business development activities in Cyprus and abroad, in providing support to the Ministries of Finance and Commerce and the Department of Taxation and once again played a leading role in proactively taking proposals to the Ministries for new tax laws in order to preserve and improve the competitiveness of the Cyprus economy.

We have stayed close to and kept our clients informed through our newsletters and seminars but also through more technologically advanced methods by using webcasts and social media tools.

## *Indirect Tax*

The introduction of VAT by a number of new countries, the increased focus of the ECJ case law on substance over form, the closer collaboration and exchange of information between the tax authorities of the various countries and the increased complexity of transactions between companies, all contribute to what's creating an ever changing and complex new environment.

PwC Indirect Tax Advisory is always on top of the legislative and case law developments. We continuously invest in new specialisations and expertise and are able to assist our clients in their international and local transactions.

We advice on all areas of indirect tax including VAT, private assets and Customs and Excise tax issues.

Furthermore we actively seek and pursue opportunities for international secondments of our people so as to acquire further expertise on their subject matter. Currently we are working jointly with PwC Middle East in helping clients prepare for the implementation of VAT in the Middle East region.

We are close to our clients keeping them informed of the various developments through seminars, newsletters, webcasts and social media tools.

## *Legal Advisory*

The legal firm, full member of the PwC international network, offers Legal services that cover the whole spectrum of corporate and business law, including advising and representing clients in M&A transactions, re-organisations, European Union law and Competition law, due diligence, setting up of private companies, joint ventures, trusts, funds and other forms of businesses.

Although not grown in revenues, the Legal Firm has had a successful year, and managed to achieve significant new wins in terms of both nature and fees e.g. structuring work from the US and increased private client work.





## *International Private Clients*

International Private Clients (IPC) was set up to provide international private and corporate clients with sustainable and compliant solutions and to act as their trusted advisors.

Our clients are private business groups and entrepreneurs, who require solutions for complex multi-jurisdictional issues and support in their implementation. IPC provides comprehensive support for the private and corporate administration and governance matters of our clients utilising the endless expertise of our firm.

Clients are serviced by dedicated integrated teams which operate seamlessly with our experts in tax, legal and other competencies in order to provide value added solutions. IPC also covers specialised services such as Multi Family and Wealth Management services as well set up and administration of Funds and Trusts.

IPC also stayed at the forefront of our business development activities. This included daily communications, updates, as well as regular visits to our clients, our PwC network and other contacts.

In addition, presentations were made in key markets including USA, UK, Russia, Ukraine, China and India, enabling us to demonstrate our capabilities and identify opportunities. Significant new wins resulted from these efforts.

At the same time, IPC has restructured its activities so as to become more flexible, adapt to the changing requirements of clients and stay relevant in the ever evolving business landscape.

The healthy inflow of work should continue in FY18 and this will allow IPC to continue offering value added services to our impressive list of international clients. During FY18 the focus will be on Corporate and Wealth Management services as well as working with our clients on issues like non-domiciles, financing (transfer pricing issues and Notional Interest Deduction rules), the MultiFamily office service, the application of the new residency rules recently introduced in Cyprus as well as increasing demand for support in setting up funds in Cyprus.

## ***Tax Reporting & Strategy (TRS)***

The business environment both in Cyprus and internationally, has continued to evolve and has become more complicated, requiring specialist, prompt and direct service. Laws and Regulations have become increasingly demanding and complex and companies realize the importance of complying with these, on a timely basis, effectively, efficiently and with specialist knowledge of requirements but at the same time capitalizing on opportunities.

TRS has been formed with the view to package all corporate compliance services together and to handle as a one-stop-shop, the statutory corporate compliance obligations. It has been organized into specialized units for Tax Compliance, Accounting, Payroll and Secretarial support. This provides specialist services to clients in an efficient manner through the provision of these services by utilizing technology tools, processes and methods that add value.

Tax Compliance includes both corporate and personal tax requirements, running diagnostics, negotiating with tax authorities for open years and provides tax accounting advice. Payroll and Provident Fund experts can assist with all employment matters, assess the effectiveness of the processes used by companies and provide a prompt, accurate and seamless service.



The Accounting team, remains abreast of accounting and reporting standards, provides reports on time and can provide analyses and other in depth reporting, according to business needs. The Corporate Services with a number of lawyers in its team, are able to assist in company formations, statutory changes, secretarial and other related secretarial services.

TRS provides seamless service to local and international companies as well as professionals, foundations and other entities. It remains abreast of developments both in Cyprus and internationally, in order to be updated on compliance requirements and proactively ensure that relevant information is readily available by adapting the reporting systems.

TRS places significant importance on technology and it continuously monitors existing processes and tools while seeking new, advanced and cutting edge technology tools that will enhance the value adding expertise offered.





Stelios C Constantinou  
In charge of Industries

# Clients & Markets

## Industries

### *A client centric mindset for success*

*As the economy continues on its positive momentum to growth and companies are shifting their focus, our industry specialists are responding helping clients manage their new challenges. We believe in unrelenting proactive focus on clients through industries, by mobilising the Firm's best industry subject matter experts to deliver the value our clients are looking for. Our industry expertise allows us to develop industry-specific solutions based on best practices, share our thinking on emerging industry trends, as well as tailor solutions unique to each industry.*

### *Banking industry*

The ever increasing regulation and a lack of trust in the industry means that banks remain under enormous scrutiny and pressure with banking leaders being challenged on the validity of their operating models and the ability of their organisations to generate sustainable returns for their investors. The banks in Cyprus are facing a disproportionate impact from the regulatory demands that continue to consume capital and resources whilst they have to deal with the tough requirements of the Single Supervisory Mechanism of the ECB and the high level of Non-performing loans. In response to these challenges, the banking sector has continued its transformation and restructuring during the past year and in doing so has created many opportunities for PwC. In FY17, we continued working very

closely with all major banks on the island in various advisory and assurance projects. In doing so we demonstrated our ability to deploy our extensive team of specialist industry resources, supported by the expertise of our international network. By delivering value to our clients we were able to further increase our market share and revenues from this sector.

### Funds

The recent modernisation of the legislative and regulatory framework is helping Cyprus emerge as a jurisdiction of choice for Fund Managers and Alternative Investment Funds. At PwC, we strongly believe that Cyprus can become a world class Funds centre, and for this reason we have been making huge efforts to enhance our expertise in the Alternative Investment Fund Industry. These efforts include the creation of expert teams in our practice, the training of our people with the new legislative requirements and the continuous participation of our professionals in relevant forums both locally and abroad. PwC's Funds practice provides unique industry insights to traditional asset managers, hedge funds, real estate firms and private equity houses.

In FY17 we have seen growing interest in the registration of Cyprus Investment Funds with almost 60% of the overall application submissions to the regulator being performed from PwC. We have successfully on-boarded to Cyprus, big name groups for structuring their funds and attracted fund managers from the UK and Germany for continuance of their operations throughout Cyprus.



## ***Retail, consumer & manufacturing***

Retail and consumer goods enterprises are currently challenged by important new issues, the developing trends in multi-channel management, handling social responsibility across the supply chain, implementing global sourcing strategies, facing wellness issues and the current economic crisis. At PwC we aim at equipping our industry teams with leading edge expertise and insights to manage change, navigate complexity and unlock value for our clients. We provide clients with leading edge advice on issues from governance through to technology, helping businesses manage change, stay customer focused and operate at a lower cost with greater agility.

## ***Energy***

The energy sector is rapidly growing in Cyprus the past few years since the discovery of hydrocarbons in Cyprus' Exclusive Economic Zone. Additional explorations licenses were granted in 2017 to leading international energy giants along with multilateral cooperation with neighbouring countries.

Explorations began in 2017 in certain blocks and more are expected in 2018. Further Cyprus is harmonised with the EU goal of promoting the use of energy from renewable resources in order to reduce global warming. Currently Solar energy, Wind energy and Biomass are being used. These projects require long lead times and energy demand will increase. We continue to study industry developments and develop our industry expertise so that we can better understand the challenges that our clients face.



## ***Hospitality and Leisure***

Hospitality and leisure industry sectors are highly sensitive to economic, political and competitive market conditions whilst being capital, management, marketing and technology intensive. In 2017 the Cyprus incoming tourism industry hit again record high numbers. Our hospitality and leisure industry experts support businesses meet the challenges of today's market conditions through value adding services over strategy to meet consumer trends, mergers and acquisitions, restructuring, technology and sustainability.

## ***Transportation and logistics***

The continued opportunities and challenges faced by the shipping industry create the need for appropriate and timely strategic actions. World trade is characterized by challenges as a result of new tonnage being delivered or scheduled to be delivered in the near future but also by opportunities arising from increased demand for transshipment from emerging markets. In Cyprus the sector is also going through significant change following the recent privatisation of the Limassol ports and the increased market consolidation in the logistics sector which is expanding beyond the traditional delivery services to managing processes along the entire supply chain. Our industry experts have an in-depth understanding of key industry issues necessary to deliver the services our transport and logistics clients need. We are also an integral part of PwC's global transportation and logistics practice, giving our clients access to an international network of knowledge and experience.

## ***Looking ahead with confidence***

***We aim to continue to leverage our excellent relationships across all industries and to build on the expertise that enables us to deliver the solutions that add value to our clients in the ever evolving and changing business environment. We are ready to provide insights, advice and support to help our clients respond to the challenges ahead enabling them to remain relevant and competitive.***



## Hospitality & Leisure

### **CSTI - "Sustainability Is Culture"**

We sponsored the 10th Annual General Meeting and the event 'Sustainability Is Culture' organised by the Cyprus Sustainable Tourism Initiative, which took place on 28 September 2016, at the CVAR/ Severis Foundation. Keynote speakers of the event included Mrs Arantxa Garcia, Head of Sustainable Development, TUI Destination Services.

Our Partner in charge of our Hospitality and Leisure group, Petros Petrakis, addressed the event.

### **PwC Cyprus presented the findings "Capturing the Social Media use in the Cyprus Hotel Industry" survey**

Hotels in Cyprus recognise the importance of social media and hold a significant presence in them. But there are considerable margins for improvement, which if taken advantage of can provide substantive value for both hotels and their visitors. This is the conclusion of the survey "Capturing the Social Media use in the Cyprus Hotel Industry", the findings of which were presented by PwC Cyprus at an event on 12 October 2016, in Limassol.

The aim of the survey, which was carried out in cooperation with the University of Nicosia, was to map out the use of social media in Cyprus' hotel industry, appraising the hotels' overall utilisation of these tools (high, medium, low). According to the general findings, hotels in coastal districts use social media more than hotels in the mountains or town centres. Overall, hotels that have absolutely no presence on social media or in contrast are present in all social media, each total 9% respectively.

Presenting the findings, our Partner, In charge of Hospitality & Leisure Group, Mr Petros Petrakis, said: "The benefits that social media can bring to hotel businesses are multiple because they constitute simple, low cost and extremely effective marketing and promotion tools. In the framework of PwC's programme to support Cypriot businesses, we believe the survey touches upon a new dimension that affects the future of the hotels and which unquestionably they should take into serious account when developing their business strategy."





### *Hospitality & Leisure*

#### **39<sup>th</sup> Annual Hotel Conference**

PwC Cyprus was the official sponsor of the 39th Annual Hotel Conference organised by the Cyprus Hotel Association (CHA) on 14 February 2017 at the Hilton Park Hotel in Nicosia. The official ceremony was addressed by the Minister of Energy, Commerce, Industry and Tourism, Mr George Lakkotrypīs, our CEO, Evgenios Evgeniou and the President of CHA, Mr Haris Loizides.

Distinguished speakers of the conference included the Purchasing Director of the TUI Group, Mr Ph. Iveson, the Assistant Professor of the Technological Educational Institute of Crete, Mr Al. Apostolakis as well as the Senior Manager of the M&C department of Hermes Airport, Ms M. Kouroupi.

The overall theme of the conference was: “Cyprus tourism in the new era - path of steady and sustainable growth?”. The morning speakers also participated in a panel discussion which was coordinated by our Partner, In charge of Hospitality and Leisure Services, Petros Petrakis.



### *Banking*

#### **4<sup>th</sup> Cyprus Banking Forum**

The 4th Cyprus Banking Forum, which was held on 1<sup>st</sup> December 2016 at the Hilton Park Hotel in Nicosia, examined the new position that many banks in Europe will now be forced to adopt as a result of increasing non-performing loans, current and new regulations, new banking models, and more.

Following the financial crisis, banks have been under sustained attack from regulators and investors. There is a growing concern that European banks have become too big, too complex and too dangerous. For all these reasons, they may also have become too inefficient. The main topics addressed were the future of the European banking model, the return on equity and its progression, and the survival of European banks overall.

Our Partner, Stelios Constantinou, In charge of Financial Services & Banking team, was the Chairman of the Conference.

From PwC UK, Brian Polk, Director, EMEA, FS Regulation Leader delivered a presentation on the Single Resolution Mechanism (SRM).



## Insurance

### ***The impact of new European legislation on the insurance sector***

Developments in the European institutional framework and how these impact on the insurance sector were the focus of an event held by PwC Cyprus and the Insurance Association of Cyprus (IAC), on 16 December 2016 in Nicosia.

During the event, attendees were updated on the new legislation governing the duties of the Board of Directors and the Audit Committee of each organisation as well as on the disclosure requirements as defined in the “Solvency II” institutional framework. Presentations were made by PwC experts, analysing in detail the role and responsibilities that each organisation’s Board of Directors and Audit Committee should have, as well as the various aspects of the new law.

Reference was made to the composition of Audit Committees and how these should be governed, the way in which auditors

should be selected and appointed, how their independence should be supervised and the audit reports that they will compile. As the speakers stressed, the new institutional framework has brought the biggest change to the regulatory framework regarding the solvency of the European insurance sector’, as it requires companies to submit more information and subjects them to stricter controls. The new law’s provisions create challenges, which however could make the sector easier to comprehend and evaluate, which could in turn help it overcome the conditions of uncertainty and lack of comparability that characterise it.



## Funds

### Invest in Cyprus Forum

PwC Cyprus sponsored the “Invest in Cyprus Forum” organised by Capital Link, which took place on 22 March 2017 at the Metropolitan Club in New York City. PwC Cyprus was represented by our Partner Andreas Yiasemides, Head of Fund Services who delivered his presentation with the title: “Developing the Fund Industry Through Cyprus”.

The Forum aimed to raise awareness of Cyprus as an investment and business destination among the US investment, financial and business communities. It showcased the increasing importance of Cyprus as a regional maritime, logistics, energy and operational hub and highlighted investment and business opportunities in these areas as well as in financial services, IT and tourism.



### Annual symposium of The International Journal of Accounting

The 2017 annual symposium of The International Journal of Accounting was held at the St Raphael Resort & Marina in Limassol, Cyprus on 8-10 June 2017. PwC Cyprus sponsored the symposium whilst our partner Andreas Yiasemides, Head of Fund Services, participated at the panel discussion with subject, “The Practice of Risk Management & Banking Supervision”.

The conference was co-organised by the Zimmerman Center of the University of Illinois, the University of Cyprus, Cyprus University of Technology, and Elsevier. The symposium’s objectives was to exchange new research ideas, stimulate accounting study, and advance scholarly and professional understanding of accounting theory and practice from an international perspective.



### Cyprus Money Show

PwC Cyprus supported the Cyprus Money Show Conference-Expo which took place on 25-27 November 2016 at the Cyprus Hilton Hotel. The “Cyprus Money Show” aims at exhibiting the financial products and services available in the Cyprus market.

The conference participants included high-ranking executives of enterprises and organizations as well as representatives of the financial and business market from Cyprus. PwC Cyprus participated at the Central Investment Convention of the Cyprus Money Show 2016 with a presentation by our Partner, Head of Fund Services, Andreas Yiasemides who presented AIF Funds and the synergies that can derive from the cooperation of GMM - Global Money Managers Ltd (as Fund Manager) and PwC (as Fund Admin) in the Fund Industry.



## *Energy*

### **8th Mediterranean Oil & Gas Forum**

PwC Cyprus sponsored the 8th Mediterranean Oil & Gas Forum 2017 that was organised on 1&2 March 2017 at Hilton Hotel in Nicosia by Energy Stream CMG. This year the forum focused on commercial agreements of American and European oil majors and independents in the Cypriot, Israeli, Egyptian, Lebanese and Greek gas markets.

The conference was attended by Top oil & gas leaders from TOTAL, Exxon Mobil, Gas Natural Fenosa, ENGIE, Cyprus Hydrocarbons Company (CHC), PwC, Bank of Cyprus, Ganope, DEFA, CERA.

The opening keynote address was delivered by H.E. Mr Nicos Anastasiades, President of the Republic of Cyprus. The conference also included a speech by our CEO, Evgenios C Evgeniou who stated that “Despite the progress achieved more needs to be done for the development of the oil & gas potential of Cyprus.”



## *Transportation & Logistics*

### **1<sup>st</sup> Annual Marine Money Cyprus Forum**

PwC Cyprus was the Prime sponsor of the ‘1st Annual Marine Money Cyprus Forum’ organised by Marine Money International, which was held on Wednesday, 26 April 2017 at the Four Seasons Hotel, Limassol.

The Forum focused on the benefits of the Cyprus tonnage tax system and the challenging shipping fundamentals. From PwC Cyprus, Cleo Papadopoulou, Partner In charge of Transportation & Logistics talked about the benefits of the Cyprus tonnage tax system: a catalyst for growth for Cyprus as a maritime hub. In addition, our Director, Marios Charalambides participated in a panel discussion titled “Ship finance in Cyprus – potential, scale and geography”.



# Clients & Markets



*Marios S Andreou*  
Head of International  
Markets

## International Markets

Revenues from international clients continue to drive the results of the firm despite the increasing challenges in the international markets. Key markets for Cyprus such as Russia, Ukraine and India continued to have an adverse outlook during the financial year 2017. The US/EU sanctions on Russia, the political instability in Ukraine and the lack of a Double Tax Treaty with India, presented significant challenges for our clients and our services in these regions.

Nevertheless, we remained close to our clients assisting them to face their day to day challenges, providing them with expert solutions and support in their execution. These markets proved their resilience and their adaptability to the adverse economic conditions and hence we continued to invest in them.

On the positive side, we have seen growth in new emerging markets for Cyprus such as the USA, UK, and the Middle East as well as some positive signs from China / Asia region. This was the result of our concerted effort to expand into new markets as part of our objective to diversify.

During the year, we have reallocated client portfolios amongst partners in order to create better market focus and multi-disciplined teams have been assigned to specific markets in order to monitor and pursue opportunities. We are confident that these actions will have a positive impact on the results of the new financial year.

While revenues from our corporate clients remained stable, revenues from private clients have experienced growth driven by the increased interest for our new Wealth Management and Multi Family Office services, launched during the year. Setting up of international Funds in Cyprus was also another area which attracted serious interest from international clients.

The stable recovery of the Cyprus economy and healthy growth of over 3% has continued to attract international businesses and foreign investors to Cyprus. There have been some significant investments in the Hotel and Entertainment sectors as well as in real estate projects. At the same time, more international companies have strengthened their base in Cyprus in line with the stricter international taxation rules regarding substance.

In the new financial year, we expect that the challenges in our key markets will continue to prevail and the opportunities in the emerging markets will continue to grow. Funds and our services to Private Clients will also continue to grow significantly and on the corporate side we expect more international companies to strengthen their presence in Cyprus.

The international economic climate will remain very challenging given the sluggish global growth, economic sanctions, political instability and regulatory pressures. At PwC Cyprus, we have noted and responded to this reality and we believe that our market focus, strong client base, new services as well as the positive outlook of the Cyprus economy, will continue to provide us with new opportunities for growth.



*Nicos P Chimarides*  
.....  
Responsible Partner for the  
Russian Market

## ***Russia***

The Russian market continued to experience challenging economic conditions and a weakened currency, as oil prices remained low and EU/US sanctions remained in full force throughout the year. In addition, the application of Russian de-offshorisation provisions was in full force. This coincided with major reforms of the Cypriot tax and regulatory framework.

In response to this demanding economic and regulatory environment, we focused on providing support to our clients in understanding whether and how these changes affect them, assisting them in understanding their options and offering the best solutions for their business.

In close cooperation with PwC Russia, we remained at the forefront of the efforts to inform the market through organising and participating in high profile client events in Russia and Cyprus. Together with PwC Russia, we have organised a high profile and successful event in Moscow attracting more than 100 professionals and updated them on the current tax and legal issues of Russia and Cyprus and how these affect Russian businesses with presence in Cyprus. During the year, we have also reached out to our clients and explored tailor-made solutions towards complying with the new rules and requirements in a transparent and efficient manner.

In the face of these challenging market conditions, our revenues from the Russian market have remained at high levels during financial year 2017, exhibiting the resilience of this market and testifying yet again how close and connected we remain to our client base in Russia and how committed we are in supporting and advising them.

The year ahead is bound to bring more challenges and exciting new prospects from Russia and we stand ready to offer the best possible services to our clients who recognise the strength of our network as the leading advisers on the Russian market. Special interest is expected to arise on Wealth Management and Family Office services, as well as the restructuring of financing operations and assessing the new residency rules recently introduced in Cyprus.

## Challenges and opportunities in Cyprus for Russian businessmen

PwC Cyprus organised a series of events in Moscow, aiming to inform businesses and High Net Worth Individuals based in Russia about the opportunities that Cyprus can offer. PwC partners delivered presentations on all topics of interest to investors.

On 15 March 2017, PwC organised an event which focused on the benefits of Cyprus as an international business centre and investment destination as well as on PwC's Wealth Management Services. More specifically, the PwC Multi-Family Office was presented, as a complete approach to addressing modern-day challenges.



On 16 March 2017, PwC Cyprus and PwC Russia co-organised a successful seminar titled "Challenges and opportunities for High Net Worth Individuals", held at the offices of PwC Moscow. The event was attended by more than 100 senior executives from Russian companies interested to invest in Cyprus.

Our CEO, Evgenios Evgeniou, stated: "Cyprus is a reliable investment destination with the appropriate infrastructure and legal framework as well as quality human resources that can attract investors who will use the country as a base for their operations".



## Update on Russian and International Tax Developments

The latest developments in Russian and International Tax were the focus of an event we organised on 24 March 2017 at our offices in Nicosia. Addressing the event, our CEO Evgenios Evgeniou stated: "We are all living in an age of great change and challenge, of opportunities and transition. Businesses today operate in an international environment characterised by constant and rapid changes and their ability to adapt to the new reality and evolve accordingly is perhaps more important than ever."



## ***“The Future of Cyprus for Russian Business” Conference***

PwC sponsored “The Future of Cyprus for Russian Business” conference which was organised on 23 March 2017, at the Four Seasons Hotel in Limassol. The event was organised by the Cyprus Chamber of Commerce and Industry and the Cyprus Russian Business Association and attracted more than 250 business people from Cyprus and abroad.

The conference started with addresses of H.E. Ambassador of the Russian Federation Mr Stanislav V. Osadchiy, the President of the Limassol Chamber of Commerce and Industry Costas Galatariotis and others.

The leading experts from Russia, Switzerland, Luxembourg and Cyprus analysed the situation and gave the forecast for the future of Cyprus and Russian Businesses.

Among the topics discussed were the new business trends, the impact on the Cyprus society and business, the Cyprus economy forecast for 2017 and 2018, citizenship schemes, how the tax free liquidation works, tax changes and the advantages and disadvantages of being a trustee.



## ***Middle East***

Middle East economies continue to be affected by tightening liquidity conditions.

In spite of this, the financial year 2017 has been a successful year which saw another significant growth in revenues from the Middle East market evidencing the development of Cyprus as a desirable centre for Middle East businesses and investors. We won a number of Wealth Management and Immigration engagements from the Middle East, including citizenship and family office support projects. Countries involved, included the United Arab Emirates, Lebanon and Bahrain. The outlook for gaining more Wealth Management and Family Office work from the region remains positive.

In addition our VAT specialists have won an ongoing major assignment to assist our PwC colleagues in the Middle East to roll out the newly introduced VAT legislation in the region. This is a significant assignment which involves the short term secondment of four of our Managers in the UAE and Saudi Arabia, with the full support of the PwC ME leadership.

We continued to remain in close contact with PwC Middle East, clients and professionals in the region, promoting Cyprus as a regional business and investment destination through meetings and joint events. We are pursuing business opportunities which arise out of the double tax treaty network currently in place with Middle East countries which include Egypt, Kuwait, Lebanon, Qatar, Bahrain and the United Arab Emirates.

The Ministry of Finance is active in expanding Cyprus’ Double Tax Treaty network and pays particular attention to this area. As a result, a treaty with Saudi Arabia has been initiated for the first time, a treaty with Oman is also for the first time at an advanced negotiation stage and there are a number of new negotiations currently taking place for signing new treaties with other Middle East countries which will expand even further the Cyprus double tax treaty network. Further to the above, given its wide network, Cyprus can be used as a hub for outbound investments, which will contribute towards increasing business opportunities and which we intend to pursue more vigorously in the new financial year.



### UK

During FY17 our revenues from clients of UK national origin increased by 12.5% in comparison with the prior year. This was due to small to moderate increases across most existing clients, a number of significant new clients as well as increased activity in international structures, possibly driven, to an extent by Brexit, which continues to affect the UK market.

We focused on staying connected with our Tax & Legal colleagues in London placing emphasis on services most relevant to private clients and we further capitalised on our successful cooperation with PwC UK in this area. The flow of new business continued during FY17 and the support from PwC UK and our UK secondees helped us gain more work in areas such as legal services, tax advice, corporate compliance and assurance. Support from the PwC UK leadership and relevant partners was also a key factor that contributed to securing the Bank of Cyprus audit win.

During FY17 substantial efforts were made to promote Cyprus-based solutions within PwC UK and a number of associates, such as law firms and agents. These efforts included many private meetings and events as well as leveraging key contacts and Cypriot transferees and secondees currently with PwC UK. This effort will continue and grow during FY18.

Key objectives for FY18 include continuing

to be aligned with PwC UK in relation to providing Cyprus-based solutions to clients that might be affected by Brexit - partly through the coordination team which was set up to monitor changes and provide client support on Brexit matters. We shall also focus on continuing to generate new Private Wealth engagements (mainly relating to Cyprus tax residency for non-doms and to citizenship-by-investment, combined with our new Multi Family Office solution and investment services wherever possible), opportunities relating to Funds, the Notional Interest Deduction (NID) provisions, as well as the yacht and private jet schemes. We shall also monitor regulatory change in the UK and work with our PwC UK colleagues to develop and promote new joint products (e.g. family office support, pensions, asset protection, etc.)

### ***“Cyprus the Eurozone’s comeback kid” by The Economist***

The spectacular return of the economy of Cyprus to growth and the role Cyprus can play as a regional business centre of the Eurozone in the Eastern Mediterranean, was at the centre of a successful international conference by the Economist that was held at the London Stock Exchange on 7 December 2016, sponsored by PwC Cyprus and the Bank of Cyprus.

In his address, the Minister of Finance Mr Harris Georgiades referred to the recovery of the Cyprus economy in the past three years and underlined the government’s plans to negotiate more agreements for the avoidance of double taxation and to press ahead with the necessary reforms that will allow it to achieve sustainable growth.



The Deputy Minister to the President, Mr Constantinos Petrides mentioned that the aim of the Cyprus government was to achieve growth and increase competitiveness through which the country can establish itself as a regional business centre.

PwC Cyprus was represented by our CEO Evgenios C. Evgeniou, who referred to the importance of Cyprus as a European country that is a strategic hub for stability in the wider region with good relations with its neighbours, as well as to the high quality of its human resources.

Attending and speaking at the conference among others were Daniel Daco, Head of the European Commission representation in Cyprus, Andreas Westphal, European Central Bank's Mission Chief, John Patrick Hourican, Chief Executive Officer and member of the Board of Directors of the Bank of Cyprus and Constantinos Herodotou, Privatisation Commissioner.



## USA

FY17 has been a landmark year with tangible results for us. For the first time, an all-day 'integrated global structuring' meeting devoted to Cyprus was held with the IGS leadership. As a result, we were also invited to participate and present at the annual 'planning group' and 'global structuring network' meetings in Den Haag and Boston respectively. Our offering is currently proving competitive and thanks to the very strong US tax practice of our network with whom we have worked very closely over the last year or so, we are now a lot more relevant to the US multinational clients' needs. FY17 financial results reflect this increased relevance of ours, as the firm total gross revenue from this particular market was higher than ever before and new engagements were up by 90% from those of FY16.

A number of US colleagues and new clients have also visited us during the year and participated in workshops and meetings we held here for them. Other business development efforts during FY17 included participation at the annual tax leadership convention of the US firm in Orlando, sponsoring and presenting at the 'Invest in Cyprus' forum held in New York, continued visits to a number of the larger offices within the US firm such as New York, Washington DC, Virginia and Chicago as well as to existing and new clients. We want to become even more relevant within FY18 for the current US client portfolio we have today and that of PwC US itself by driving and actively promoting more aspects of the Cyprus offering as an international business centre and our own deep expertise and capabilities as PwC Cyprus, namely those in the funds, shipping, EU VAT law, citizenships, legal and corporate on going compliance support areas.



### China

During the year we continued our efforts to penetrate the Chinese market. Our efforts were focused on the following areas:

#### ***Business Development efforts***

- We stayed close to our colleagues at PwC China presenting them with all the recent changes in our legislation which created opportunities for both corporates and HNWIs.
- Continued joint business development efforts with selected business collaborators especially in the areas of HNWIs, shipping and on specific Chinese direct investments into Cyprus.
- We supported /initiated events and actions with the Government, the Chinese Embassy in Cyprus and the Cyprus – China Business Association of the Cyprus Chamber of Commerce.

### ***New Business***

During the year:

- We won our first citizenship assignments including the set-up of a special purpose fund for the collective investments of applicants of Chinese origin.
- We have assisted in due diligence exercises of major privately owned Chinese groups for business targets in Cyprus and the Region.
- Through a referral from PwC Hong Kong we have won the audit of a Cyprus subsidiary of a One Belt – One Road fund investing in the Oil and Gas Industry of Russia.
- Through a competitive tender we have won again the provision of Tax and VAT services to the leading technology group Huawei.

### ***Going Forward***

Going forward we will pursue several leads relating to a number of state and privately owned Chinese groups interested in investing in Cyprus and in the Region, as well as intensifying our efforts in winning more work in the area of HNWIs. A renewed effort will be made to promote specific planning ideas to targeted PwC China colleagues. Finally, we will continue our joint efforts with other major stakeholders including the Government in improving the Cyprus – China business ties focusing once again in the finalisation of a Double Tax Agreement with Hong Kong and the renegotiation of the Double Tax Agreement with China.

## Events

***We participated in an event organised by the Cyprus Chamber of Commerce and Industry (CCCI) and the EU SME Center in Beijing with various Chinese companies on 1 June 2016:***



***We supported the One Belt One Road event at the Chinese Embassy in Cyprus in June 2017***







# People



*Philippos C Soseilos*

Head of People

*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.*

## *With an eye to the future*

In light of the accelerating changes in the market, the complexity of the world that we live in and the demand for new services, we have been transforming the way we attract, develop and retain the right people for our business with an eye to the future.

In FY17, we achieved a lot in the people space. Most importantly, we continued to invest in the professional development of our people, and this section outlines how our human capital management activities have sparked professional and personal growth.

## *The opportunity of a lifetime*

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 FY17, 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.

In FY17, we received more than 1200 applications for employment and recruited over 110 professionals across the organisation, including 70 university graduates who embarked in our 2016 ACA and ACCA professional accounting training schemes. We also made 70 offers to university students for our 2017 ACA and ACCA professional accounting training schemes.

Moreover, we continued investing in our summer internship programmes, increasingly seeking for diversity in the background of graduates, for example from a technology background. To achieve this, we carried out more than 20 strategic employer branding activities attracting an audience of over 500 high calibre graduates and professionals.

## New Partner & Directors

### Engaging our People

In our 2017 Global People Survey we achieved a very high people engagement score (74%), with the vast majority of our people feeling proud to be working in PwC (82%) and that the people they work with demonstrate high standards of ethical conduct (85%).

In addition, we administered 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.

We also provided opportunities for all our people to engage with leadership through the organisation of Business Unit Workshops and People Meetings with our CEO, which helped everyone feel even better informed and more involved with the direction our organisation was taking.

For FY17, in recognition of our people's contribution and hard work, we paid a One Firm Bonus as well as a Performance Bonus, on the basis of the economic climate, the organisation's performance and people's individual performance.

*We focus on developing our people to become the next generation leaders.*

**Andreas Yiasemides joined PwC Cyprus on 1 November 2016 as a Partner, In charge of Fund services.**



**Andreas Yiasemides**  
In charge of Fund services

**Kyriacos Kokkinos joined PwC Cyprus on 1 September 2017 as an Executive Director in the Advisory team focusing on the area of Digital Strategy and Transformation.**



**Kyriacos Kokkinos**  
Executive Director  
Business Consulting

**As of 1 July 2017, 3 of our Senior Managers were promoted to Director.**



**Eliana Iacovides Kourris**  
Risk & Quality



**Lambros Kyriakides**  
International Private Clients



**Michael Michael**  
Indirect Tax Advisory

### *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 FY17, we ran Reflect Development Centres for our Senior Associate 2 population, 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, 4 of our Senior Managers participated in the MyWay Global Key Talent Programme and 20 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.

### *A diversity of experience*

To solve important problems, we need diverse talent. That is why we employ people from a vast array of backgrounds and with an equally wide range of experiences. This means they each think differently from one another and apply varying approaches to problem solving.

In FY17, our population comprised 56% women and 20 different nationalities. Inspiring our people and providing an environment in which they can give their best is fundamental to our business. We are committed to helping every one of our people build a rewarding career and achieving their full potential by creating a great place to work. We are delighted to report that in FY17, the vast majority of our people said that they believe that PwC is an inclusive work environment (78%).

## *A mobile environment*

With our strong international mobility programme, we continue to build teams with diverse skills and backgrounds in order to solve important problems for clients, while developing our people through international experience.

Our strategic vision is to invest in mobility experiences that inspire and enable our people to deliver quality services to our clients and each other. Our international mobility programme continues to evolve to support this vision, incorporating different types of mobility opportunities for our people and creating greater flexibility in how we meet the needs of our clients.

In FY17, 13 of our people secured secondments in PwC Germany, PwC Luxembourg, PwC Switzerland and PwC Middle East, whilst 6 people from PwC Russia and PwC Ukraine were seconded to PwC Cyprus.

In addition, in FY17, a total of 42 people transferred to a different Line of Service within the organisation and 26 to a different Business Unit within their Line of Service, in order to meet our client needs and get a diverse work experience.

## *Managing Performance*

We go out of our way to give our people the respect and recognition they deserve. We offer stimulating work, invest in continuous professional development, ongoing coaching and constructive feedback, as well as maintain fair and transparent performance evaluation and promotion processes. 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.

Real-time feedback is provided regularly throughout the year, which then forms an element of our annual appraisal process. Agreed objectives and against grade-related skills and capabilities are aligned to 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.

With a focus on developing our people to become the next generation leaders, we demonstrated our commitment to continue investing for the future and offer tremendous career opportunities, even under difficult market conditions through a number of promotions. We made 116 promotions as of 1 July 2016, 21 promotions as of 1 January 2017 and an additional 134 promotions as of 1 July 2017.

## ***A place to learn and grow***

The skills of our people, help us deliver on our strategy and make us distinctive in our market.

That is why ongoing learning and development are integral to our culture. We ensure our people receive leading-edge technical training, as well as skill-building programs and experiences which are relevant for their work and are delivered when needed. This investment brings positive returns for our people and our business. As our people improve, so does our overall service to clients.

Our approach to learning and development is based on the 70/20/10 model: 70% of job-related learning occurs at work; 20% happens through coaching and mentoring; and 10% occurs through formal learning (online or in classroom). This model provides a platform where our people learn rapidly, continuously and efficiently. More specifically, to empower this approach, we have implemented on a pilot basis a global methodology called “Team Based Learning” (TBL). This methodology helps our people to cultivate a developmental mindset and to look at every work situation as a learning opportunity.

Through our management development programme called “iGrow”, we continuously enrich our business skills training interventions and enable all our people to develop further their leadership, relationship, coaching, business and global acumen skills. Our programmes are based on the 5 pillars of the “PwC Professional” and our refreshed values and entail blended learning solutions (such as case studies, videos, e-learns, self-awareness tools, role plays and group exercises) to enhance our people’s learning experience.

In addition to this, we are always looking for new ways to provide our people with relevant development opportunities. Virtual, optional and self-led learning is becoming increasingly popular, enabling people to boost their skills and educate themselves in a way that works for them. Relevant actions towards this include our global collaboration with Coursera, in creating co-branded series of courses on data analytics and our local optional learning bites series (IMPACT), on topics that are important for our work and can contribute to personal effectiveness and performance.

Through the implementation of iLearn (our electronic platform that supports and manages our “iGrow” learning activities and processes), we managed in FY17 to have better information in relation to relevant KPIs and to enhance our internal processes. In addition the platform helped

us to shift the ownership of learning to our people and to make their development more intentional, by giving them the opportunity to browse and opt for training, view their training record and generally manage their own, as well as their team’s learning.

Another transformation that kicked off in FY17 was the Electronic Sign-in System (ESS). This new system allows classroom participants to register their attendance digitally, providing operational efficiencies and giving our learners an experience they would expect in a digitally-enabled firm.

We believe that it is very important to heavily invest in our talents, thus during FY17, 4 of our Senior Managers and 20 of our Senior Associates participated in international PwC Key Talent Programmes (i.e. “My Way” & “Altitude”), which aim to develop the participants into our future leaders, through high-impact developmental interventions, personal coaching and networking with colleagues from a number of other PwC firms. Our plans for the coming year include initiatives to advance PwC’s approach to leadership development, along with further investments in world-class coaching and new technologies to support our people’s learning goals.



## *Partner and Director Development*

Our Partners and Directors develop through engaging learning experiences that fit around their work and are flexible, personal and, above all, relevant to their needs.

During FY17, all our Partners and Directors attended technical skills training relevant to their sphere of practice and 6 of our Partners attended International Partner programs in the areas of “Renewing your Leadership”, ‘Leading Future Business’ and “Leading the business unit”.

## *Training Centre*

During FY17 we have finalized our Training center in Nicosia. It is an inspiring, modern and functional space that hosts training programmes and events for our people and our clients. There are 7 training rooms which are equipped with state of the art audio and visual equipment and comfortable break out areas.

## *PwC’s Academy*

During FY17, the Academy continued to provide tuition and support to our trainee accountants under both the Institute of Chartered Accountants in England and Wales (ICAEW) and the Association of Chartered Certified Accountants (ACCA) schemes.

Our trainees’ professional examination results in FY17 were outstanding, with pass rates well above the worldwide averages, achieving 100% in some papers.

In addition, 3 of our ICAEW trainees received 4 worldwide awards in their examinations for achieving 1st place in the “Financial Accounting & Reporting” (2 prizes) and “Audit & Assurance” (2 prizes) Professional Level examinations, respectively. The prizes were presented to our trainees in April 2017, during a special award ceremony organised by the ICAEW in London.

Moreover, 13 of our ACCA Trainees achieved 1st Pancyprrian place in their examinations of “Financial Reporting”, “Audit & Assurance”, “Financial Management”, “Governance, Risk and Ethics”, “Corporate Reporting”, “Business Analysis”, “Advanced Financial Management”, “Advanced Performance Management” and 3 trainees achieved 1st and 2nd place amongst the top 3 Affiliates in Cyprus.

During FY17, tutors of PwC’s Academy delivered 1 full ICAEW course and 4 ICAEW revision courses in Mauritius.

During FY17, the Academy also delivered 19 Continuous Professional Development (CPD) seminars, approved by the ICAEW and ACCA, to a total of 441 participants. In addition, 17 in-house seminars were delivered to local organisations with 290 participants and 2 in-house seminars to organisations abroad.



## Professional examination award winners

### *Papageorgiou Sofia*

Worldwide Joint First Place and the Spicer & Pegler Prize  
Financial Accounting & Reporting paper,  
ICAEW examinations

### *Constantinou Andreas*

Joint First Place and the Watts prize,  
Audit and Assurance, ICAEW examinations

### *Papadopoulos Martin*

Joint First Place and the Watts prize,  
Audit and Assurance paper  
Joint First place and the Spicer & Pegler,  
Financial Accounting and Reporting paper,  
ICAEW examinations

### *Tryfonos Panagiotis*

Joint First Place in Cyprus,  
Financial Reporting (F7), ACCA  
examinations

### *Goumenos Georgios*

First Place in Cyprus,  
Audit and Assurance (F8) paper, ACCA  
examinations

### *Fragkiadakis Vasileios*

First Place in Cyprus,  
Advanced Financial Management (P4)  
paper, ACCA examinations

### *Shynkar Marianna*

First Place in Cyprus,  
Advanced Performance Management  
(P5) paper  
First place among the top 3 Affiliates, ACCA  
Examinations

### *Gkikas Marios*

First place in Cyprus,  
Governance Risk and Ethics (P1), ACCA  
Examinations

### *Tarnopolskyi Kyrylo*

First Place in Cyprus,  
Business Analysis (P3) and Advanced  
Financial management (P4) papers  
Second place among the top 3 Affiliates,  
ACCA examinations

### *Karmanova Kristina*

Second place among the top three Affiliates,  
ACCA examinations

### *Vorobyev Alexey*

First place in Cyprus,  
Corporate Reporting (P2) paper, ACCA  
examinations

### *Aleksandrov Vitalii*

First place in Cyprus,  
Audit and Assurance (F8) paper, ACCA  
examinations

### *Chistyakov Dmitry*

First place in Cyprus,  
Financial management (F9), ACCA  
examinations

### *Lyugay Vladimir*

First place in Cyprus,  
Advanced Financial Management (P4)  
paper, ACCA examinations

### *Galeeva Liliya*

First place in Cyprus,  
Advanced Performance Management (P5)  
paper, ACCA examinations

### *Petsas Ermis*

First place in Cyprus,  
Governance Risk and Ethics (P1) paper,  
ACCA examinations

### *Jeřimova Alina*

First place in Cyprus,  
Advanced Financial Management (P4)  
paper, ACCA examinations



## Events

### Our Alumni Program

Our PwC Alumni network helps connect all our PwC people, past and present, to opportunities, resources, mentors and friends.

Our Alumni program offers personal and professional networking platforms, career opportunities and professional development, through a series of events, learning interventions and sharing of the organisation's thought leadership. In FY17, we organised our first Alumni Learning Intervention, with different runs both in Nicosia and Limassol, where alumni had the opportunity to get up to date with recent industry trends (i.e IFRS 15- Revenue from Contracts with Customers) and develop their Emotional Intelligence skills.

### An exceptional place to work

We continue to be one of the few 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.

#### First Alumni event

In June 2017, we organised an Alumni Banking event, (in a series of alumni industry events that will follow). We had the opportunity to have with us Jonathan Mulder (PwC Director – Fintech) who presented how to 'remain relevant in a digital services world'. In addition, in order to highlight the importance of our alumni network, we have upgraded our microsite and included an animated video showcasing the value and benefits of the program.



*To make sure that our program is beneficial for our alumni, we circulated a feedback survey to our active members, which the results will help us improve our activities and enhance our offerings.*

*We truly appreciate the effort and contributions that our alumni have made while working at PwC and although their daily connection with us may have changed, we are eager to maintain a strong and lasting relationship with them.*

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.





# Firm

## Legal and organisational structure

### Ownership of PwC Cyprus

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

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. PwC Cyprus has two Lines of Service: Assurance & Advisory (A&A) and Tax & Legal Services (TLS) and is led by a total of 42 Partners.

### Subsidiary undertakings

The principal subsidiary undertakings of PwC Cyprus as at 30 June 2017 are:

Subsidiary undertaking	Principal activity
PricewaterhouseCoopers (Marketing and Communications) Limited	Professional services
PricewaterhouseCoopers Associates Limited	Professional services
PricewaterhouseCoopers Professional Training Limited	Professional training programmes
PricewaterhouseCoopers Investment Services (Cyprus) Limited	Professional Services
PricewaterhouseCoopers Fund Services Limited	Professional Services

*These entities are all member firms of the PwC network by being members of the PricewaterhouseCoopers International Limited (PwCIL).*

## *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 limited liability private company having its registered office at 3 Themistocles Dervis Str, Julia House Annex, 1st Floor CY-1066 Nicosia, Cyprus and it is 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.

## *The PwC network*

### *Legal structure of the network*

PwC is a global network of separate firms, operating locally in countries around the world. PwC firms are members of PricewaterhouseCoopers International Limited (PwCIL) 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.

### *Key features of the network*

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.

### *Network profit-sharing arrangements*

The Cyprus member firms

- Operate their own partner and members of staff remuneration arrangements, which are independent and separate from other member firms of PwCIL.
- Have no profit-sharing arrangements with other member firms of PwCIL.

# Governance

## Board of Directors

The Board of Directors is responsible for undertaking certain statutory duties of the firm. The CEO is also the Chairman of the Board of Directors.

## Management Board

The CEO who is elected by the firm's Partners for a five year term, appoints the firm's Management Board. 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 the design, maintenance and operation of an effective quality control system.



The members of the *Management Board* who served during FY17.

First row from left:

*Liakos M Theodorou,*  
*Evgenios C Evgeniou – CEO,*  
*Theo C Parperis*

Second row from left:

*Philippos C Soseilos,*  
*Marios S Andreou*

## Oversight Board

The Oversight Board, which is independent of the Management Board, is elected by the firm's Partners every three years. The Oversight Board is made up of five members all of whom are Partners and elects its own Chairman. As of July 2017, the Oversight Board will be made up of

four members who will be elected every two years. The members of the Oversight Boards as of 1 July 2017 are: George M Loizou (Chairman), Tasos N Nolas, Aram A Tavitian and Nicos A Theodoulou. The Oversight Board is responsible to oversee the activities of the Management Board to hold management accountable to Partners, to monitor its decisions and actions and where necessary advise the CEO and the Management Board.



The members of the *Oversight Board*, who served during FY17. From left: Andreas T Constantinides (Chairman), Constantinos H Constantinou, George C Lambrou, Chrysilios K Pelekanos and Androulla S Pittas.



Petros C Petrakis  
Head of Risk & Quality

## Quality Management System

*PwC member firms undertake their business activities within the framework of applicable professional standards, laws, regulations and internal policies. These are supplemented by a PwC Code of Conduct applicable to all of their partners and staff.*

Each PwC member firm is responsible for developing and monitoring the effectiveness of its own quality management systems. This includes performing an evaluation of its systems and procedures and carrying out, or arranging to have carried out on its behalf, an independent review. In addition, the network monitors PwC member firms' compliance with network quality expectations and risk and quality standards and policies. This includes monitoring not only whether each PwC firm conducts an objective quality management review programme, but also considers a member firm's processes to identify and respond to significant risks. In accordance

with applicable regulatory requirements, each member firm may also be reviewed periodically, in some cases annually, by regulators and/or professional bodies. For Assurance work, the quality review programme 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' ('ISQC1').

The overriding objective of the assurance quality review programme comprised monitoring at both the network and territory levels, is to assess for each relevant PwC member firm whether:

- quality management systems are appropriately designed, are operating effectively and comply with applicable standards and policies
- engagements selected for review are performed in compliance with applicable professional standards and PwC Audit requirements, and
- significant risks are identified and managed appropriately.

## *Elements of our internal quality management system for Assurance services*

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
- 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
- Monitoring

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

The PwC network monitors the firm's compliance with network quality expectations 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 these reviews, the Management Board is satisfied that PwC Cyprus' internal quality control system for Assurance is operating effectively. Any matters identified through the review process are actioned and changes implemented as appropriate.

## *Ethics & Independence*

### *Ethical requirements*

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 integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. 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 and sanctions

## *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;



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 anticorruption 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. Independence affects our lives in two very distinctive ways. It affects our work on behalf of PwC: the service we provide, the roles we perform and the business relationships we establish; and it affects our Partners and staff personal lives, such as our investment portfolios.

It is imperative to maintain our independence in everything we do.

We have our independence policies and standards which include guidance from our Firm and the regulatory bodies; the engagement team tools; our personal independence tools; and finally our communications and learning materials/videos. These 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.

The PwC Global Independence Policy, 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. The PwC Global Independence Policy is supplemented with the US Securities & Exchange Commission rules, restrictions imposed by the EU Audit Regulation as well as other applicable independence rules.

We have a designated partner (known as the “Partner Responsible for Independence” or “PRI”) with appropriate seniority and standing, who is responsible, together with his team of independence specialists, for the implementation of the PwC Global Independence Policy including managing and controlling the related independence processes and providing support to the business.

## *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. 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 FY17 were outstanding, with pass rates well above the international averages, achieving 100% in some papers.

# Corporate responsibility



Androulla S Pittas

In charge of Corporate  
Responsibility

*The world is changing – faster than ever before. As a result, organisations need to adapt and tackle new challenges.*

*We have to work together to make a difference and be a catalyst for change.*

*Creating value for our clients, our people and the communities we live and work in is at the heart of PwC. And what binds us together is one common purpose – to build trust in society and solve important problems.*

*Through CR, we seek to go beyond ‘doing the right thing’ to being a catalyst for change in four focus areas: responsible business, diversity and inclusion, community engagement, and environmental stewardship.*

## Responsible business

Our focus on responsible business is about realising opportunities for positive impact through our value chain – including our work with clients and suppliers. We recognise that the most significant societal contribution we make is through the work we do every day.

## Events

### *Sponsoring the 2nd International Compliance Forum*

On 4 October 2016, we sponsored the 2nd International Compliance Forum, which presented the latest international institutional policy trends and challenges, as well as the developments in servicing international investors, whether high net worth individuals or organisations specifically relating to compliance.

The forum brought together banks, accounting, tax and legal firms, administration services (fiduciary) firms, insurance firms, international corporations and the various Regulators involved, to discuss and exchange practical ideas on how to achieve effective compliance when it comes to European directives, international and local law. Our Director in Assurance, Nicos Stavrou, delivered a presentation on Compliance with IFRS 9 as it is the new accounting standard, pertaining to financial instruments which will come into effect as from 1 January 2018.



### *“Managing Cyberspace Risks- The Business of Protecting your Business”*

We sponsored an event organised by the American Chamber of Commerce in Cyprus and the Nicosia Chamber of Commerce and Industry, titled “Managing Cyberspace Risks: The Business of Protecting your Business” that was held on 26 October 2016 at the Hilton Park Hotel, Nicosia.

The objective of the event was to focus on cyber security awareness including trends in cyber-crime, virtual currencies, social media exploitation, social engineering and insider threats.

The messages delivered were not to develop subject matter experts but to provide professionals with the fundamental tools for managing risks related to the cyber environment. Keynote speakers at the AmCham Cyber event included the FBI Special Agent in Charge of New York City’s Cyber Division, Aristedes Mahairas, the Director of Cyprus Police Bureau Department of IT, Christos Drakos, and the Commissioner of Electronic Communications and Postal Regulation, George Michaelides.



## Quality Conference 2016

On Thursday 10 November 2016 the annual Quality Conference took place for the 7th consecutive year. The conference was organized by the Cyprus Association of Quality, a member of OEB. Sponsors of the conference were PwC, Hellenic Bank and Swiss Approval.

The Conference focused on how quality can and must help us in everyday thinking and how to constantly support the business in their effort to cope with various challenges and move on towards growth. George A Ioannou, our Director in Consulting participated at a panel discussion with subject “The Quality for businesses & the Cypriot economy”.



## Book presentation “Strategy that Works” by PwC Cyprus

We presented the book “Strategy That Works” in cooperation with the Harvard Business Review publishing house, at an event held on 4 October 2016 in Nicosia.

The book was presented by Kevin J. Stansfield, Principal at Strategy&, member of the PwC international network, to delegates from the business world and public sector stakeholders. It is the Harvard Business Review’s most significant publication on strategy of 2016, analysing the ways in which a business can eliminate the chasm between a theoretical business strategy and its actual implementation, with the ultimate goal of achieving the desired growth rate.

The panel discussion that followed was joined by senior executives of Cypriot businesses such as the CEO of Cablenet, Mr Nicolas Shacolas, and the Managing Director at Photos Photiades Distributors, Mr Alexis Photiades. The discussion was coordinated by our Partner, In charge of Consulting Mr Philippos Soseilos. PwC Cyprus’ new programme to support Cypriot businesses, which was announced during the event, aims to utilise the organisation’s specialised knowledge to the benefit of the local business sector.



In statements, our CEO Evgenios Evgeniou, said: “We feel especially lucky that our organisation’s decision to support Cypriot businesses in every way possible has coincided with the publication of the book ‘Strategy That Works’; a useful tool that includes substantive advice for the correct implementation of strategies for business growth. Recognising the role of Cypriot businesses in efforts for sustainable growth, the programme will adjust all the organisation’s planned activities to their needs.”





### ***PwC Cyprus a member of the Business Integrity Forum***

PwC Cyprus has been certified to participate in the Business Integrity Forum (BIF), which was established in Cyprus by Transparency International-Cyprus, in cooperation with Transparency International.

At a ceremony on 18 November 2016 at the organisation's headquarters, our CEO Evgenios Evgeniou was handed the certificate of participation by Dr Maria Kramvia – Kapardis, Chairwoman of the Transparency International – Cyprus' Board of Directors. Receiving the certificate, our CEO Evgeniou said: "It is important for any organisation that wishes to contribute positively to the environment it operates in, to recognise that its responsibilities are not just limited to its clients but also to the people and to society in general. At PwC, this constitutes our guiding principle and governs every aspect of our operation. Today's ceremony constitutes important recognition of the effort we are making; an effort that aims to sensitise the business world and open the way to responsibility and transparency, within the framework of our organisation's programme to support Cypriot businesses."

The Business Integrity Forum is a network of major international companies, dedicated to cooperating with member companies who wish to reach the highest standards of business integrity, through discourse and exchange of views on matters that promote transparency and responsibility.



### ***How Safe is your Business?' Conference***

We were the platinum sponsor of the 'How S@fe Is Your Business' conference organised by the Cyprus Chamber of Commerce & Industry, and the Cyprus Neuroscience & Technology Institute, that took place on 2 February 2017 at the Filoxenia Conference Centre in Nicosia.

The conference aimed to inform the business community about the risks and solutions that exist in relation to cyber-attacks. Our Partner in Consulting Tassos Procopiou, delivered a presentation titled 'Cybersecurity-Threats in the Digital Era'. During his presentation, he stated that "Electronic crime is one of the most frequent financial crimes faced by businesses in Cyprus, while its growing trend creates the need for a change of culture but also for a coordination of efforts to tackle it. There is an urgent need to invest in security programs, technologies and processes in order to minimize risks and favour the overall operation of businesses."





## ***PwC informed Cyprus company executives on the legislation changes and the role of Audit Committees***

Responding to the need to support Cyprus' businesses, PwC Cyprus in collaboration with the Institute of Directors Cyprus (IoD) and the European Confederation of Directors' Associations (ecoDa) organised the event "Boards of Directors & Audit Committee at the heart of audit reform" on 2 November 2016 in Nicosia.

The event was attended by top executives of Cypriot businesses, who were briefed on the developments in the auditing services industry and the changes affecting the operation of the Boards of Directors and Audit Committees. Andreas Zachariades, Vice Chairman of the Cyprus Public Audit Oversight Board, was one of the event's main speaker. In his welcome address, our CEO, Evgenios Evgeniou stressed the importance of fully comprehending the changes in the new EU legislation, noting that it is imperative that businesses thoroughly evaluate the consequences of this reform and enter a process of adjusting to the relevant changes. "The usefulness and role of audit committees is of great importance for any organisation wishing to develop robust corporate governance. Therefore, there is an explicit need

to become familiar with the EU audit legislation and bring up best practice, to help them achieve that goal. This development in turn will contribute towards a healthy entrepreneurship, a necessary pillar for achieving robust growth," he added.



### ***PwC presented the local findings of the 20th Annual Global CEO Survey***

CEOs in Cyprus appear confident about the course of the global economy according to the local findings of PwC's 20th Annual Global CEO Survey. PwC carried out the local survey for the 6th consecutive year, with the participation of 89 CEOs in Cyprus. It is worth noting that this year's global survey was carried out in 79 countries with the participation of almost 1,400 CEOs.

The findings of the 20th Annual Global CEO Survey were presented at an event that took place on 9 March 2017, by our Partner, In charge of Consulting Philippos Soseilos. A discussion followed with the participation of our CEO, Evgenios Evgeniou and the CEO of Bank of Cyprus, Mr John Patrick Hourican, who participated in the global survey by providing an in-depth interview.



### ***Presentation of the 1st Contest Business Ethos in Cyprus***

In an effort to promote the principles of transparency and integrity in the business sector, Transparency International-Cyprus and the Cyprus Chamber of Commerce are organised the 1st Contest Business Ethos in Cyprus. The purpose of the Contest was to encourage, recognize and reward exceptional efforts that contribute to the fight against corruption, the strengthening of transparency and accountability of businesses and organisations in Cyprus.

The awards were awarded to Enterprises and Organisations that have proven to promote and apply the values of moral and social commitment to corruption by fostering a positive contribution to society. PwC Cyprus is the sponsor of the 1st Contest Business Ethos in Cyprus. A presentation of the contest was held on 27 June 2017 at the premises of the Cyprus Chamber of Commerce in Nicosia.

### ***2nd BIF Workshop - 'Investigative Interviewing of Suspected Fraud Cases'***

On Wednesday, 12 April 2017, Transparency International Cyprus organised the 2nd workshop for Business Integrity Forum members with title 'Investigative Interviewing of Suspected Fraud Cases'. As sponsors, PwC Cyprus, hosted the workshop at its offices in Nicosia and welcomed all BIF members. The workshop was conducted by Professor Rebecca Milne and covered business-critical issues facing participants on identifying and tackling fraud within companies.



## *PwC awards foreign investments in Cyprus*

PwC presented the 6th ceremony of the CIPA International Investment Awards, which took place on 26 June 2017 at the Presidential Palace, attracting some 500 prominent business people, investors, politicians as well as representatives of the academic community. The aim of the event, which was organised by the Cyprus Investment Promotion Agency (CIPA), is to reward foreign companies and individuals who have invested in Cyprus and stand out for their contribution to the country's economic growth.

The event was under the auspices of the President of the Republic, Mr Nicos Anastasiades, and was held in the presence of important business stakeholders, political officials and other distinguished guests. During the ceremony, our CEO Evgenios

Evgeniou and the Minister of Finance, Mr Harris Georgiades presented an award to Eni for its investments in the hydrocarbons sector.

In statements, our CEO said: "PwC attaches great importance to the role of foreign investments as the driving force to achieve economic growth. We are therefore particularly proud to participate in the CIPA International Investment Awards, which provide us the opportunity to honour the foreign investments that contributed to the creation of new jobs, the strengthening of the competitive advantages and the general promotion of the Cyprus economy's prospects."



## *Other activities*

During the year our Partners and staff have participated in discussions/ consultations with the Public Sector and other business and professional bodies in an effort to contribute to the economic development and the building of stability and trust in the Cyprus economy. We have published a number of articles in the local press on corporate responsibility issues

During the year we have also enhanced the training/awareness of our staff on corporate responsibility issues such as sustainability, transparency, ethics, the effect of Megatrends in society and how these could affect our clients.

In addition, our PwC's transparency report published in September 2016 outlined the values and key principles defining the quality of our work. Aiming to deliver the highest level of quality services to our clients, the PwC team is committed to professionalism, independence, objectivity and transparency, at all times

## **Diversity & Inclusion**

Diversity means different things to different people and organisations. At PwC, driving diversity means bringing together the perspectives of individuals from all backgrounds, life experiences, preferences and abilities to create better outcomes for our clients, our people, and our communities.

In FY17 our population included 20 different nationalities, 56% of our People being female and 48% of our People being under the age of 30 years old.

As we continue our efforts to drive enhanced awareness and translate it into concrete and comprehensive actions, we are delighted to report that we are making good progress. This year we achieved a high inclusion score, with 78% of our people saying that they believe PwC is an inclusive work environment, where individual differences are valued and respected.

Having this in mind, we continue to work towards making PwC an even more inclusive workplace for all our people. Some of the key actions of our diversity journey are outlined in the next sections.

### ***Diversity Week***

In FY17 we celebrated our Diversity Week for the third year with the theme ‘Valuing difference, driving inclusion’.

Our Diversity Week is about creating widespread awareness of diversity as a PwC priority, demonstrating leadership commitment to diversity, and having our people embrace inclusion and difference.

During this week we promoted local and global initiatives, such as seminars, webcasts and a range of innovative tools, such as self-awareness tests, myth buster quizzes, competitions, videos and studies, to help our people commit to inclusive actions.

### ***Christmas Diversity Video- Christmas Traditions from around the world***

In December 2017, we created a video showcasing Christmas traditions from around the world. More specifically, we had colleagues from different nationalities sharing on camera their traditions and embracing our differences and similarities.

### ***International Day of People with Disabilities***

In December 2017, to locally embrace the diversity in its various forms and especially the ‘Disability’ factor, we invited the ‘Pancyprian Organisation of the Blind’ to run a Christmas Bazaar at our premises,

selling arts & crafts made by their members. Colleagues had the opportunity to visit the bazaar and to also explore assistive technologies for the blind.



### ***PwC + HeforShe***

We continued to actively support the HeforShe solidarity campaign for gender equality initiated by UN Women, by having 22% of our people pledging and making their commitment to engage men as agents of change for the achievement of gender equality and women’s rights and encouraging men to take action against inequalities faced by women.

In celebration of the International Women’s day and its theme “Be Bold for Change”, we offered to all our Colleagues a HeforShe magnet, making a strong statement towards gender equality and personal accountability.

As an organisation it’s imperative we attract, retain and develop diverse professionals to spur innovation, drive growth and sustain competitive advantage in the marketplace.

Making progress is challenging, and we don’t claim to have all the answers or to have achieved the progress we want. But we are committed in maximising the benefits that diversity offers!



### Community

Community engagement is a fundamental element of the PwC culture. We at PwC Cyprus aspire to be a great corporate citizen by playing a leading role in the community through everything from charitable giving and volunteering to business partnerships for community development. While our goal is to make a difference in the communities where we work by sharing our time and knowledge, our People also benefit from new skills, enhanced personal fulfilment and deeper local relationships.

Our Community pillar includes the following areas:

- **Education**
- **Health & Well being**
- **Supporting families**
- **Foster Entrepreneurship**

#### Education

#### Award winning students - University of Cyprus

We sponsored four awards to top performing students of the University of Cyprus. The awards, sponsored by PwC for the 14th consecutive year, were presented to the top students by our CEO Evgenios Evgeniou and our Director, Marios Melanides during the graduation ceremonies of the University that were organised on, 27 June 2017 and 30 June 2017.



#### Award winning students

PwC Cyprus supported 3 top performing students from different education institutes. Congratulations to the award winning students who through their hard work managed to win the following distinctions:

- Frederick University - Award towards the Highest Achieving student of the Accounting & Finance department
- The Senior School - Award towards the Highest Achieving Student
- KES college - Best graduate of the Business Studies course





## Health & Well Being

---

*In the context of our Health & Well Being initiatives, more than 430 of our People had the opportunity to attend 11 seminars organised in our offices across Cyprus on topics such as “Breast Cancer Awareness”, “Prostate Cancer Awareness”, “Improving your Eating Habits at Work”, “Make up Tutorial” and “First Aid for Children”.*

### ***Seminar on Prostate Cancer Awareness - “Knowledge is Power”***

“Movember” was celebrated through a seminar on Prostate Cancer Awareness “Knowledge is Power”, in cooperation with Europa Uomo.

The seminar was delivered on 22 November 2016 by Dr. Prodromos Philippou (Urologist) in Nicosia and on 23 November 2016 by Dr Stavros Charalambous in Limassol.



### ***Seminar on Breast Cancer Awareness - “Show you Care. Be Aware”***

We organised a seminar on Breast Cancer Awareness “Show you Care. Be Aware”, in cooperation with the Cyprus Association of Cancer Patients and Friends (ΠΑΣΥΚΑΦ).

The seminar was delivered on 24 October 2016 by Dr Elias Kyriacopoulos (Radiologist) in Nicosia and on 26 October 2016 by Dr Simos Malas (Oncologist) in Limassol.

### ***Run in Color 2016***

On 8<sup>th</sup> October, 52 PwC staff members took part in the Run in Colour event which took place in Limassol, along the Molos coast. Run in Colour is a charitable event, collecting funds for the Elpida Foundation which provides support to children with cancer, while participating in a fun 5k run, followed by a colourful music festival. The event was created to motivate participants to boost their wellness and health, while giving back to charity and by experiencing a great day out! All participants had a fantastic day out by participating in Run in Colour, and also gave back to society through a charity donation.

### ***PwC participated at the ICPAC Charity Regatta Race***

PwC Cyprus supported the Charity Regatta Race in Limassol, organized on 23 October 2016 by the Institute of Certified Public Accountants of Cyprus (ICPAC). PwC participated by hiring a sailing boat Hanse (52 m) that accommodated 10 colleagues from our Limassol Office. The net proceeds of the Regatta have been donated to the ‘Children with Liver Diseases, George Psaras, Round Table’ Association.



## Health & Well Being

### Annual Blood Donation

Our Annual Blood donation was organised for the 15th consecutive year on 2 December 2016 in support of the Nicosia General Hospital blood bank. The blood donation took place simultaneously at our offices in Nicosia, Limassol and Paphos, the same day. The annual Unicef bazaar also took place in PwC Central in Nicosia, celebrating in this way the values of giving and volunteerism that characterise our organisation.



### Run for Hara

On 21 January 2017, PwC colleagues gathered at the Athalassa Park and walked and ran in memory of our colleague Hara Phitides Granath. The participation exceeded expectations supporting in this way Hara's motto "because life ought to be made up of happy moments." The event was organized in association with Dro.Me.A racing and donations were made to the Cyprus Anti-Cancer association.



### Limassol Marathon 2017

As part of our Corporate Responsibility our people actively supported the 2017 Limassol Marathon which took place on 18 and 19 of March with participation of 13.000 runners from more than 50 different countries. 250 colleagues, friends and clients joined PwC's team and honoured our firm.



### Cyprus Symphony Orchestra

In the context of our efforts to support the local community we sponsor the Cyprus Symphony Orchestra.

The Cyprus Symphony Orchestra Foundation was founded in 2006 by decision of the Council of the Ministers, with the aims of developing and promoting the art of orchestral music, of improving musical life and education in the country, as well as the involvement of society in musical activities.



### Supporting families

#### Supporting the “Mana” kindergarten

For the 4th consecutive year, we supported the “Mana” kindergarten. The children from the kindergarten drew Christmas cards specifically for PwC Cyprus, which were transformed in digital form and were used as Christmas e-cards to be sent to our clients and associates.



#### Easter Bazaar 2017

The third consecutive Easter Bazaar was held with great success at our offices in Nicosia and Limassol on 7 April and 11 April 2017 respectively. Revenue from the sales were donated to various charities such as “One Dream, One Wish”, the “Sophia Foundation for Children”, “Pancyprian Volunteering Coordinating Council”, “Pediatric Oncology Archbishop Makarios III Hospital” and to the “Foundation of Christina Apostolou”.



## Supporting families

### **PwC CSC Club's trips and participation to Charity Events**

During the first half of 2017, our firm's "Classic & Sports Cars" Club organised a successful "Discovering the beauties of Cyprus" trip and participated in two charity rallies and in one charity exhibition. On Sunday, 12 February 2017, our firm's "Classic & Sport Cars" Club organised a "Driving for pleasure" trip to discover the beauties of Cyprus. 32 cars and 92 colleagues, family members, friends and alumni had the pleasure of joining the trip, which started from Nicosia and Limassol.

As part of our Corporate Responsibility and contribution towards the wider community, our company actively supported three charity events through its "Classic & Sports Car" (CSC) Club with a strong presence in the following Charity Events:

### **"9th LESPA-FIPA Rotary Spring Charity Classic Car Rally"**

19 March 2017

The PwC Classic & Sport Cars (CSC) Club participated in the "9th LESPA-FIPA Rotary Spring Charity Classic Car Rally" that was organised in cooperation with the Nicosia - Ledra Rotary Club, in an effort to raise funds for projects that the "Nicosia - Ledra Rotary Club" is supporting the improvement of Cyprus Society. Our firm was represented by 4 cars and 11 crew. The rally started from Acropolis Park in Nicosia, covered a distance of 140Km and included a stop in Larnaca and 4 special stages. The event ended at the Municipality Hall of Ayia Napa.

Our team was once again honoured by winning 2 awards: 1st place in category M and award to PwC for the invaluable support on the occasion of the "ROTARY Charity Classic Car Rally".

### **48-Hour Charity Rally**

1 & 2 April 2017

PwC was represented by 6 cars and 17 crew at the "48-Hour Charity Rally", which was organised for the 15th consecutive year by "The Cyprus Federation of Classic Vehicles" in cooperation with the "Bank of Cyprus", in aid of the "Cyprus Anticancer Society".

### **Charity Classic Cars Exhibition**

8 April 2017

Our CSC Club participated with 5 classic cars in the "Charity Classic Cars Exhibition" that was organised by the University of Cyprus at UCY Campus (during the UCY Career Fair on 7 - 9 April 2017), in support of the "Cyprus Anticancer Society".



### **Foster Entrepreneurship**

---

*We are fostering an entrepreneurial culture, supporting youth entrepreneurship and startups and strengthening research & innovation. The aim is to provide young people with opportunities to develop their ideas and will lead to the creation of an innovation- and knowledge-based economy.*

*We collaborate with leading academic and business stakeholders to support such initiatives.*

### **We support Junior Achievement**

*PwC supports entrepreneurship as an important tool in achieving sustainable growth in Cyprus and therefore supports Junior Achievement a non-for profit organisation and the leading entrepreneurship education programme provider in Cyprus for the third consecutive year.*

### **Junior Achievement mentors' training**

On 24 October 2016, PwC hosted the Junior Achievement mentors' training session at its offices in Nicosia. 26 of our colleagues have volunteered to become mentors in the Junior Achievement company programme 2016.



### **Junior Achievement Teams event for PwC staff**

On 13 December we organised an event during which three teams of students that participated in last year's Junior Achievement company programme had the opportunity to talk about their experience and demonstrate their products.

The 'Scendles' company team from the Falcon school was one of the top 10 teams and had the opportunity to present their product in the JA company competition national finals last year in May. 'Bubble bombs', another team from the Falcon school, won the highest sales award and Sapon, from the Polemedia Lyceum, won the branding and communications award by PwC! Among the speakers were our CEO Evgenios Evgeniou and Ms. Elena Michael, JA programme coordinator.





## Foster Entrepreneurship

### JA Press Conference: Meet the Young Entrepreneurs of the Future

On Friday, 27 January 2017, Junior Achievement (JA) Cyprus organised a press conference, announcing the launch of the fourth consecutive year of its signature high school “Company Programme”, as well as the second year of the primary school programme, “More than Money”.

The press conference took place at the Centre for Visual Arts and Research (CVAR). In attendance were: Dr. Costas Kadis, Minister of Education and Culture, British High Commissioner, Mr. Matthew Kidd, and former European Commissioner for Education, Culture, Multilingualism and Youth, Mrs. Androulla Vassiliou, as well as other representatives from the public sector, business sector, academic community, and members of the press. In his brief address, Dr. Costas Kadis, Minister of Education and Culture, noted that through its programmes, Junior Achievement



Cyprus fosters creativity and innovation, encouraging students to work in teams and to transform ideas into action, thereby nurturing their curiosity, and imagination. He added that the Ministry of Education and Culture endorses these objectives, and, in the context of its wider efforts, seeks to develop a close and constructive collaboration with Junior Achievement Cyprus.

Our Director Michalis Stavrides, spoke about the shared vision of the partners in this endeavour: “to collectively contribute to the entrepreneurial culture and consciousness of the country”. He further underlined how PwC works “to bring about positive change through the implementation of a CR programme that focuses on volunteerism and specialised expertise, to better support the business sector and our young people”.



### PwC Junior Achievement Tradefair

Members of our staff volunteered and became mentors in the Junior Achievement company programme supporting the teams that competed at the finals. In an effort to support our teams we welcomed them at our offices, for the 2nd consecutive year on 21 March 2017 at the PwC Central business suites. Our CEO, Evgenios Evgeniou, congratulated the teams for their work and effort! This was a great opportunity to support our teams and find out more about their products and feel the entrepreneurial spirit of today’s teenagers!



## Foster Entrepreneurship

### Junior Achievement Company of the Year competition

PwC Cyprus presented the “Branding and Communications” award at the finals of the “Company of the Year” competition, which was organised on 28 April 2017 by Junior Achievement Cyprus.

The award was presented by our CEO Evgenios Evgeniou, to “Salthy” team who had the opportunity to visit our offices and participate in a full-day coaching session by a PwC professional coach. The winner of the Junior Achievement “Company of the year” was GrowGreen which also participated in the competition with a mentor from PwC and represented Cyprus in the JA Europe Company of the Year Competition that took place in Brussels in July. It is worth noting that the organisation supported the competition throughout its duration, through staff’s voluntary work and the provision of substantive assistance to the participating teams.

More specifically, sixteen of the organisation’s members participated in the programme as team mentors, providing assistance and guidance throughout their journey towards becoming the top student company of the year. The “mentors” that participated voluntarily on behalf of PwC took part in an educational seminar that was organised by Junior Achievement for this reason, at PwC’s offices.



### Junior Achievement “Salthy” team - Coaching Session

On 29 June 2017 a Coaching session was delivered to Junior Achievement’s “Salthy” team who won the “Branding and Communications” award during the “Company of the Year” finals competition. The session was delivered by a PwC professional coach.

The students had the opportunity to visit our offices and participate in a full-day professional coaching session designed especially for them, aiming to help them learn more about themselves, grow and succeed in their goals.





## Foster Entrepreneurship

### Junior Achievement “Grow Green” - Presentation skills session

Marilena Maroudia PwC’s academy tutor delivered the presentation skills session on Wednesday, 28 June 2017 to the winners JA Company of the Year competition, the “Grow Green” team. The students had the opportunity to develop their presentation skills as well as to learn some presentation tips in order to get ready and represent Cyprus in the JA Europe Company of the Year Competition that took place in Brussels in July 2017.



### We support Chrysalis Leap

*PwC cooperates with Chrysalis Leap, the first Cypriot accelerator of business ideas, for the past 3 years, with the involvement of our staff and the utilisation of our specialised knowledge.*

### PwC Supports the Chrysalis Leap National Finals ‘ClimateLaunchpad’ Competition

The Chrysalis Leap ‘ClimateLaunchpad’ national final, Europe’s largest cleantech business ideas competition, took place on the 5th of September 2016 at the Hellenic Bank Head Office in Nicosia. The winners of the national final were NanoWeld, H2OT and Level5. These three startups represented Cyprus at the European Final in Tallinn Estonia in October where the start-up ‘Level5’ was one of the top 10 start-ups of Europe. Our CEO Mr Evgenios Evgeniou, said: “We are very proud to be supporting Chrysalis LEAP and its programme for the third consecutive year. Our goal is to actively participate as an Organization, not only through financial support, but by providing free-of-charge consulting services as well as through our voluntary activities.

Chrysalis LEAP and its programme give us the opportunity to contribute to the great efforts of Cyprus to build an economy on solid foundations based on the strength of entrepreneurship and innovation. This is the only way that sustainable development will be achieved”.



### PwC supports the Chrysalis Leap ‘ClimateLaunchpad’ competition - boot camp

PwC Cyprus supported the 4th Chrysalis Leap Business Ideas Competition “Climate Launchpad 2017”. During 2017 the two-day boot camp on 13-14 June which was held in Governor’s beach Limassol, nine clean tech startups, from various industry sectors, received intensive training from Chrysalis LEAP. Four colleagues from PwC and with the support of the people from Bernhard Schulte Shipmanagement (BSM) were there to help the teams to formulate their idea and transform it to a concrete business plan.



### Foster Entrepreneurship

## We support University of Cyprus

*Within the framework of our long-standing collaboration with the University of Cyprus we organise an annual Innovation and Entrepreneurship Forum. Its objective is to promote entrepreneurship in Cyprus through the Centre for Entrepreneurship. The aim of the initiative is to educate academia, scientists and Cyprus society more generally on the ideas, practices, prospects, challenges and opportunities relating to these sectors, by hosting important personalities from the scene. For this reason, each year the forum is dedicated to a different theme.*



## 2<sup>nd</sup> Innovation and Entrepreneurship Forum

The 2nd Innovation and Entrepreneurship Forum, organised by the University of Cyprus' Centre for Entrepreneurship in cooperation with PwC Cyprus took place on 30 November and 1 December 2016. The two-day forum, focused on the rapidly changing 21st century venture ecosystem and the need for the academic community to continuously adapt to the new state of affairs. The Forum was addressed by University of Cyprus Vice Rector Dr Constantinou Constantinou and our CEO Evgenios Evgeniou, while the subject was introduced by Dr Marios Dikaiakos, Director of the Centre for Entrepreneurship.

In his speech, our CEO underlined the need to open communication channels between academia and the market to promote entrepreneurship and innovation as a means of achieving sustainable economic growth. "A precondition to achieving conditions of sustainable growth is tapping academic research with the aim of expanding economic activity to new sectors. The collaboration between PwC

and the University of Cyprus serves this exact cause and we hope to lead by example for more collaboration that will testify to how the best investment is investment in knowledge". Mr Constantinou said "The economy and the society need new knowledge and innovation out of the lab and into the market. It is internationally accepted that a very important parameter of economic development in a modern society is the exploitation of new knowledge and of the inventions produced by research and educational organizations such as Universities and the know-how and innovation transfer, out of the lab and into the market".

## Regional Knowledge, Research and Innovation

The University of Cyprus in collaboration with the Cyprus Chamber of Commerce and Industry and PwC Cyprus, organised the «Nicosia: Regional Knowledge, Research and Innovation» seminar that took place on 4 October 2016 at the Anastasios Leventis amphitheatre of the University of Cyprus.

The event was addressed by Professor Constantinos Christofides, Dean of the University of Cyprus, Stelios Anastasiades, President of the Cyprus Chamber of Commerce and Industry and our CEO, Evgenios Evgeniou.



## *Foster Entrepreneurship*

### *2nd CEL Insights Conference*

PwC was an official partner of the 'Insights' Conference organised by Cypriot Enterprise Link (CEL). The conference's main aim was to offer knowledge and experience which would help young entrepreneurial talents acquire insight on how to pursue their business ideas through start-ups. We support Cypriot Enterprise Link, which is a youth-led organisation aiming to connect and support the Cypriot entrepreneurial talent in order to form a local and global entrepreneurial network supported by events, meetups, workshops and projects.

The conference took place in Nicosia on 19 and 20 November 2016 and evolved around the themes of Industry Disruption, Entrepreneurial Ecosystems and Start-Up World, hosting distinguished speakers from the United Kingdom, the USA, Greece and Cyprus. We offered our knowledge and experience by participating in two speaking slots. The first presentation entitled "Cyprus: An ideal IP location" was held by our Director in Legal Services Michael Tsikouris, and our Senior Manager in Tax

Advisory, Stella Geropapa. Our Assurance & Advisory Partner, Vassilios Vrachimis presented the PwC Fintech report and its implications and participated in a panel discussion together with George Koushis Bank of Cyprus, Michalis Michaelides Sales Consultant TSYS International and Paulo Bilezikjian, Chief Investment Officer Family Office.



### Foster Entrepreneurship

#### **PwC the strategic partner of the first Fintech Hackathon in Cyprus**

We supported the first marathon for the development of applications on innovative technologies in the field of financial transactions, which was organised by the Bank of Cyprus on 9, 10 and 11 June 2017 in Nicosia. This was the first time the Fintech Hackathon took place in Cyprus and the aim was to support entrepreneurship and innovation.

It should be noted that PwC members took part in the event through different roles. Specifically, Jonathan Mulder, Director, Fintech & Digital at PwC UK, took part in the open side event Cyprus Fintech Forum held on 10 June, analysing the usefulness of emerging technologies to come up with solutions that will make financial services more efficient and user-friendly to both consumers and the business world. Michalis Stavrides, Director, Responsible for Entrepreneurship, was part of the evaluation committee while Nicholas Roussos, Senior Manager and Demos Demou, Manager in Consulting took part as team mentors. Commenting on PwC's participation, our Partner, In charge of Consulting Philippos Soseilos, stressed the importance the organisation gives to

new technologies and entrepreneurship, as well as giving young people the opportunity to showcase their talent and skills. "The power of innovation, when combined with entrepreneurship, can significantly contribute towards our country's economic prosperity and growth. All of us at PwC support events such as the Fintech Hackathon, which is an excellent initiative by the Bank of Cyprus. Through their participation, all the companies that supported the event united their efforts for a better future".



#### **CYBAN Company Presentations Event**

Within the framework of our Corporate Responsibility programme, we are the Knowledge Partner of the Cyprus Business Angels Network (CYBAN), a non-profit investment network, which connects innovating fast growth companies to equity finance through their membership of experienced angel investors. In this regard, on Thursday, 23 February 2017, PwC hosted CYBAN's Company presentation event at its offices in Nicosia. PwC contributes through the provision of consulting services, mentoring and training by supporting the operational process of CYBAN, by actively participating in the accelerator program and by supporting all capital impact tenants. Through the event, companies "Level 5" and "Reservation Engine" had the opportunity to showcase their products to several investors. Further to the above, Stella Geropapa, Senior Manager from our Tax Advisory department delivered a presentation on the new income tax incentives for investments in innovative SME's & Startups.





## Environmental stewardship

*Our Firm seeks excellence in every aspect of business and is committed to minimising the environmental impacts of our operations. We recognise our environmental responsibilities and are highly committed to integrate environmental management best practices into our daily business operations, thus continually improve our environmental performance. This commitment is central to our revised Environmental Policy which complies with the PwC Network's policy. This policy is implemented through a three year environmental management plan (FY16 - FY18) that focusses on significantly reducing our energy and water consumptions as well as managing the waste streams we produce in a sustainable way.*

### *Energy efficiency – reduction of our carbon footprint*

In FY17, the renovation works at our Limassol office and the Training Centre were completed. This resulted in energy efficiencies through the use of energy efficient and eco-friendly technologies and equipment. Just like at our PwC Central Office the implementation of the hotelling system enabled the effective use of the office space and brought energy efficiencies such as the reduction of heat and light requirements. In addition, approved auditors have completed a comprehensive Energy Audit for all our premises, so as to assess the current energy usage and suggest technical solutions for further reducing our carbon footprint. Our Operations department is currently reviewing the proposed technical solutions as a result of these audits. The total electricity reduction and respective CO2 emissions (Scope 2 emissions calculation) were reduced by 15.8%.

### *Reduction of waste*

In FY17 the Firm has initiated a pilot study in regards to the use of recycled paper for printing purposes. Following the results of the study, there is an increased possibility that the majority of printing paper will be replaced with recycled, thus conserving natural resources, save energy and reduce greenhouse gas emissions. Nevertheless, the reduction in printing and the recycling of toner cartridges are still a priority. Currently, we have set up a waste recycling system at all our buildings, separating PMD and paper on every floor while the collection of used batteries, lamps and scrap metals is carried out centrally by the Operations department.

Environmental awareness

Engaging our staff in our environmental activities is considered a top priority in effectively managing our environmental impacts. In FY17 our revised Environmental Policy was posted on our intranet. Additionally, an Environmental Awareness Training and associated tools were developed and presented to our people and other interested parties via a variety of mechanisms such as TVs located throughout our buildings, computer backgrounds and placemats. The aim of our Environmental Campaign was to enhance the environmental culture of our staff and highlight environmentally friendly practices that can be implemented throughout the workplace. The campaign focused on specific themes such as travelling to work, electricity usage and recycling.

Our sustainability programme

Energy efficiency – reduction of our carbon footprint	In FY18, the Operations department will examine the proposed technical solutions of the Energy Audit and carry out cost-benefit analysis to decide on their implementation.
Water usage reduction	In FY18 the Operations department will embark on a water usage study and investigate actions for the reduction of fresh water usage.
Reduction of waste	In FY18 the Operations department will assess the results of the pilot study in regards to the use of recycled paper for printing purposes and decide on its implementation throughout the firm.
Environmental engagement	In FY18, we will further encourage staff participation in environmental activities such as tree planting/ conservation. Environmental education will be enhanced through the promotion of energy efficient and environmentally friendly practices while at the same time colleagues will be encouraged to contribute with ideas and suggestions.





# Our brand



## Our brand is strong

*PwC has retained its position as the number one professional services brand, and one of the world's top ten most powerful brands in the Brand Finance Index showing the strength of our foundations built around our people, quality and services.*

*The strength of our brand, the opportunities we provide for our people, the quality of our services and our focus on meeting the needs of our stakeholders are at the heart of PwC and how we measure our success. We organize events, sponsor conferences, run surveys, write publications and reports and use the power of the social media to share our knowledge and expertise. Beyond our capabilities and experience, we want PwC to be known for building great relationships with clients that help them create the value they're looking for.*



## Events

### Christmas kids parties

PwC organised for the third consecutive year the Christmas parties for the kids of our staff members, which took place on Friday 9 and Saturday 10 of December 2016 in Nicosia and Limassol respectively. Both parties were a great success! Children had the opportunity to visit their parents' workplace, have their face painted, ride the carousel and meet Santa Claus while they had the opportunity to enjoy a magic show.



### Wealth Top Forum Israel Conference

PwC Cyprus participated with two speakers at the Wealth Top Forum Israel conference, which was organised on 26-27 October 2016 at the Dan Panorama Hotel, Tel Aviv, Israel.

Phryni Yiakoumetti Mina, Director in Consulting opened the conference with her presentation entitled "The Road to Global Citizenship - The Cyprus Citizenship Scheme for Investors".

Evgenios Antoniou, Manager, Wealth Management Services addressed the audience with his presentation entitled "Managing private wealth in a changing world – a view from Cyprus".

The conference was devoted to corporate finance, business immigration, citizenship programs and international tax planning and brought together owners, CEOs of law, financial, trade companies, banks, auditing firms and representatives of IT and HR area interested in nuances of business running abroad.



## *Realising the benefits of HR Technology*

PwC Cyprus in collaboration with Microsoft and Exelsys organised the event titled “Realising the benefits of HR Technology” that was held on Thursday, 3 November 2016 at PwC Central in Nicosia.

The objective of the event was to focus on the importance of the technology shift for HR systems and the value and capabilities that are introduced by these transformational changes.

The usefulness and role of HR technologies is of great importance for any organization wishing to leverage data and their analytic capabilities in order to facilitate decision making.

The great shift of HR applications into the cloud continues, as Chief Human Resource Officers pursue cost savings, seek greater IT self-sufficiency, and set their sights on innovation and mobility. Change at this scale requires a strategic vision and executive alignment at a tactical level, as critical systems are targeted for migration to the cloud and old ways of working are disrupted.

According to the 2015 PwC Global Annual HR Technology Survey, 23% of companies used cloud Software-as-a-Service for core HR, and another 26% were planning to move to the cloud within the next three years. Fast forward just one year (to 2016), and the number of companies using Software-as-a-Service for core HR has climbed to 44%, with an additional 30% planning to move to the cloud in the next one to three years.

Therefore, it can be seen that there is an explicit need to replace HR systems and embrace technology implementations to bring up best practice.

Keynote speakers at the event included Andreas Dermosoniades, Small, Mid-market Solutions & Partners Manager at Microsoft Cyprus, Elena Leonidou, Director in Consulting of PwC Cyprus and Kyriakos Fiakkas, CEO of Exelsys.

A welcome address was also given by Philippos Soseilos, Partner In charge of Consulting and Head of Human Capital, PwC Cyprus.



## Events

### *'G.R.C. in the Digital Age'*

On 22 November 2016, we sponsored the 'G.R.C. in the Digital Age' event which was co-organised by ISACA, (ISC)2, itSMF and PMI. The event aimed to update businesses and organisations on Governance, Risk and Compliance of today's digital environment.

Governance, Risk and Compliance are of paramount importance in today's Digital Age. Organisations need to understand and respond to challenges deriving from embedding technology in the way they perform their business. Addressing risk and compliance management in an integrated manner allows a consistent view of information assets and efficient application of resources that will enhance each process and the outcome these bring to the organisation, with the goal of improving the overall governance and performance.

Technology risks have become a reality for all kinds of businesses. Irrespective of the size and type of the organisation, you cannot ignore the possibility of such risks. Organisations today need to manage an overwhelming amount of big data supported by technological solutions which forces them to revise their governance, risk and compliance processes.

From PwC Cyprus, Tassos Procopiou, Partner in Consulting delivered a welcome address and Demetra Ellina, Director in Consulting delivered a presentation titled 'Adjusting the Lens on Economic Crime'. Iacovos Kirillapos, from the Cyber Security division of PwC UK, delivered a presentation titled 'Trust in the digital age: Developing the confidence to embrace technology to move your business forward'.



### *12th Cyprus Summit by The Economist*

PwC Cyprus was yet again the golden sponsor of The Economist summit for another year running, which took place on 1 November 2016 at the Hilton Hotel in Nicosia. The main theme of the summit, which was organised in cooperation with the European Parliament Information Office in Cyprus, was the economic progress of the island in recent years and its successful adjustment programme.

The summit was addressed by the President of the Republic, Mr Nicos Anastasiades, who after giving a short overview of the tough decisions his government was called to make from the moment it took over, assured attendees that Cyprus was entering an era of growth after years of recession. He added that the issuing of a ten-year bond with the lowest ever yield Cyprus had ever achieved reflected how the economy was moving in the right direction. The aim, he said, was for Cyprus to become a pillar of growth for the future, while he added that solving the Cyprus problem would be the most important development reform the island could achieve.



The summit was addressed, among others, by Finance Minister Harris Georgiades, Undersecretary to the President Constantinos Petrides, the new US Ambassador to Cyprus, Kathleen Doherty, United Nations Special Adviser on the Cyprus problem Espen Barth Eide, the Chief Executive Officer of the European Financial Stability Facility, Klaus Regling, and European Commission Chief Spokesperson Margaritis Schinas. Speaking through video message, European Parliament President Martin Schulz called upon Cyprus President Nicos Anastasiades and Turkish Cypriot leader Mustafa Akinci to grasp the momentum and spare no effort in reaching a solution for the reunification of Cyprus.

Speaking at the Summit, the Chief Executive Officer of PwC Cyprus, Mr Evgenios Evgeniou, mentioned among other: “The Cyprus economy has performed better than expected since the climax of the crisis in 2013 and after four years of recession the economy has returned to growth, the state has raised funding from the markets, the credit ratings are improving and we are close to exceeding lenders supervision.” and he concluded by saying: “What the country needs now is a clear plan for sustainable growth. This is the only way to do justice to the aspirations of the people of Cyprus.”



## 15<sup>th</sup> Leadership and Human Resource Management Conference

The 15th Leadership and Human Resource Management Conference was organised by PwC Cyprus and IMH on 8 November 2016 in Nicosia. The HR Conference is the largest gathering of human resource professionals, general managers and managers from all sectors of economic activity.

Emmanuel Gobillot, Internationally Renowned Leadership expert, was the keynote speaker at the 15th Leadership and Human Resource Management Conference. In his presentation, Mr. Gobillot focused on how some of the global trends are fundamentally changing the levers of leadership and organisational effectiveness (experience, knowledge, effort and power). He explained how leadership is not a single occupation, as leaders will need their followers to support them in order to achieve their ultimate goal. He added that the way people normally lead is the way they have been lead.

Our Partner and Head of Human Capital, Philippos Soseilos, was the chairman of the conference. To celebrate the 15th year anniversary, Philippos Soseilos gave a flashback of the economic trends and challenges that Cyprus faced throughout the 15 years since the beginning of the conference. Finally, he talked about the importance of organisational agility through a transformation in business, people, culture, as well as personal transformation, thus, he said that the conference focuses on why businesses need to change and how to change.





## Events

### *3<sup>rd</sup> Structural Funds and EU programmes Conference*

PwC Cyprus sponsored the 3<sup>rd</sup> Structural Funds and EU programmes Conference, organised by IMH in February 2017.

The conference, provided valuable updates and specific practical guidance in order to successfully obtain European funds. All local companies engaged in the fields of Technology, Tourism, Agriculture, Education and Communication gained real benefit from participating in this Conference, during which Cypriot business representatives presented the approved programs and shared success stories.

The conference's aimed to provide critical advice, information and directions to Cypriot companies and local business people to succeed and implement their goals.

Panagiotis Moiras, Thalia Pangiotou and Margarita Kyprianou from our Consulting department represented PwC at the conference and made different presentations in regards to the EU Structural funds and competitive EU programmes available as well as on the advice needed for a successful SME Instrument application.



### *Cyprus Private Banking and Wealth Management Conference*

The Cyprus Private Banking and Wealth Management Conference took place on 8 April 2017 at the Hilton Hotel, Cyprus. The conference aimed to bring together professionals from different sectors such as banks, law and accounting firms, wealth management and intermediaries for a discussion of the key issues facing the industry.

Leading sector thinkers and doers met to debate the strategies and share their business practices aimed at meeting the challenges of implementing innovative technological solutions, creating better client experiences, overcoming competition and ensuring thorough regulatory compliance.

From PwC Cyprus, Tony Hadjiloucas, Partner, in charge of Wealth Management Services talked about Cyprus and a Holistic Approach to Wealth Management, responding to regulatory change, the benefits of using Cyprus as a base and the key issues faced by family offices.





## *Are you ready for MiFID II?*

The changes that the revised Markets in Financial Instruments Directive (MiFID II) and the Markets in Financial Instruments Regulation (MiFIR) will bring to the Cyprus financial services market was at the centre of a seminar organised by PwC Cyprus in Limassol on Wednesday, 22 March 2017.

Attending the seminar were representatives from Cyprus Investment Firms and Banks that provide investment services, who were briefed by the PwC MiFID II European leader from PwC Germany, and experts from PwC UK and PwC Cyprus about the main provisions of the Directive and the impact these will have on their organisations.

Among the speakers were the Vice Chairman of the Cyprus Securities and Exchange Commission, Mr Andreas Andreou, and Ms Stella Livadiotou who was responsible for the transposition of MiFID II into national law for the Ministry of Finance.

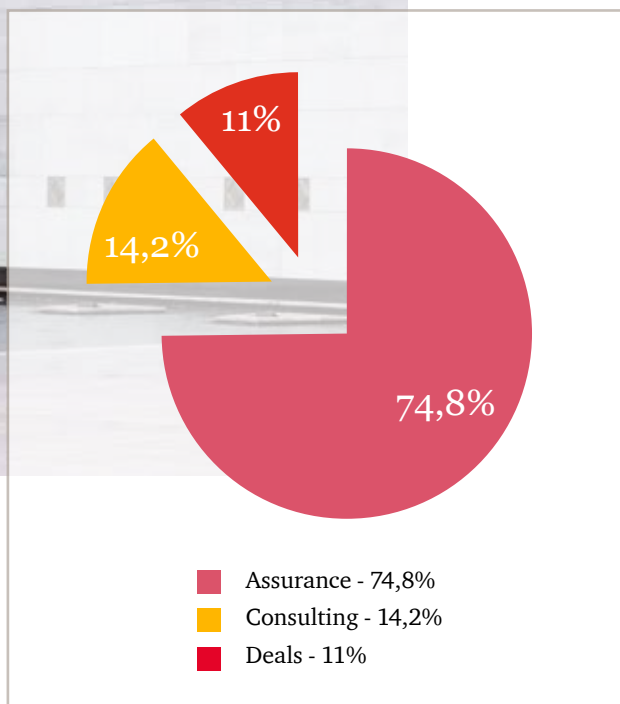
Speaking at the seminar, George Lambrou, Partner, Head of MiFID II Practice, PwC Cyprus, said: “Cypriot investment companies and credit institutions face significant challenges in complying with the enhanced MiFID II requirements and have limited available time to adapt. Our aim, as PwC, is to offer the necessary guidance and support to allow these organisations to prepare in a timely and effective manner.



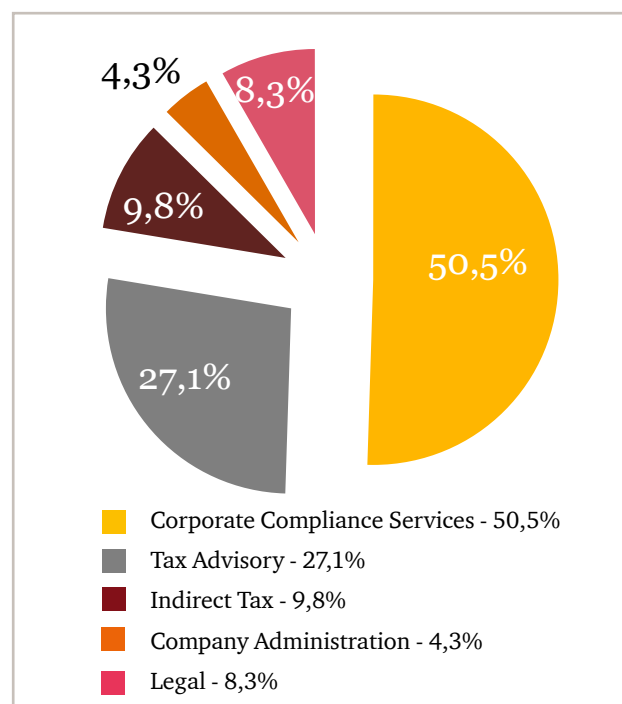
# Financials

## Firm's net revenues for FY17

### Assurance & Advisory



### Tax & Legal



**Note:** The Firm's net revenues are presented according to our FY17 structure. As from 1 July 2017 our services are structured as following:

#### Assurance & Advisory

Assurance  
Advisory

#### Tax & Legal

International Private Clients  
Tax Advisory  
Indirect Tax Advisory  
Tax Reporting & Strategy  
Legal Advisory

Our firm's net  
revenues  
were  
**€77,8m**

**Assurance** €23,1m

**Deals** €3,4m

**Consulting** €4,4m

**Corporate Compliance Services** €23,7m

**Tax Advisory**

€12,7m

**Indirect Tax**

€4,6m

**Company Administration**

€2,0m

**Legal**

€3,9m

### Provident Funds

The firm maintains a Partners and Directors Provident Fund and a Personnel Provident Fund (the Funds). As at 30 June 2017 the Funds which are defined contribution schemes had a total of **730** members (30 June 2016: 688). In FY17 the two Funds received contributions of **€3,0m** (FY16: €2,0m), had net assets at 31 December 2016 of **€36,3m** (31 December 2015: €34,8m) and net income for the year ended 31 December 2016 **€0,5m** (31 December 2015: €0,9m).

### Operating Costs

Total costs have increased by 3,0% with staff costs recording a 3,1% increase over the prior year. Other operating costs have increased by 2,8%.

### 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 **€2,5m** (FY16: €2,9m) was expended mostly on leasehold improvements, computer hardware and software 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 **€12,5m** (FY16: €12,9m) in direct taxes, social insurance and special contributions. Further to this, the firm paid **€11,5m** (FY16: €11,8m) in VAT, and **€3,7m** (FY16: €3,7m) in social insurance and special contributions.

### Working Capital

The average number of credit days outstanding for trade debtors for this year was **68** (FY16: 69). 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 6 days (FY16: 7 days).

### Creditors

Creditors are paid promptly with the average number of days between receiving and settling the invoice for FY17 to be 31 days (FY16: 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 FY17 as compared to the available bank facilities of **€12,6m**.

## *PwC offices in Cyprus*



### ***Nicosia***

#### ***Address:***

PwC Central,  
43 Demostheni Severi Avenue,  
CY-1080 Nicosia  
P O Box 21612, CY-1591 Nicosia, Cyprus  
Tel: +357-22 555 000,  
Fax: +357-22 555 001

### ***Limassol***

#### ***Address:***

City House,  
6 Karaiskakis Street,  
CY-3032 Limassol, Cyprus  
P O Box 53034, CY-3300 Limassol, Cyprus  
Tel. +357 - 25 555 000,  
Fax +357 - 25 555 001

### ***Paphos***

#### ***Address:***

City House,  
58 Gr Dighenis Avenue,  
CY-8047 Paphos, Cyprus  
P O Box 60479, CY-8103 Paphos, Cyprus  
Tel. +357 - 26 555 000,  
Fax +357 - 26 555 001

Designed by: PricewaterhouseCoopers (Marketing & Communications Department)  
Printed by: Chr. Nicolaou & Sons Ltd

© 2017 PricewaterhouseCoopers Ltd. All rights reserved. PwC refers to the Cyprus member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.





