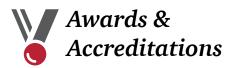
# Cyprus Annual Review 2018

September 2018



# **Key Performance Indicators**



Investors in People (IIP) Champion



Investors in People (IIP) Gold



ACCA Approved Platinum Employer



ICAEW Partner in Learning



Gender Equality in the Working Environment



### Financial performance



**€80m** net revenues compared to €77,8m in FY17

**€27,2m** total contribution to government revenues including corporation tax, special contribution for defence, PAYE, VAT and social insurance contributions

### **Our Clients**



 $\bf 9,06$  Likelihood to recommend PwC to peers and colleagues

**8,83** Overall satisfaction average

Out of a possible score of 10

Figures based on an online Client Experience Survey carried out in November 2017.

### Our People





Almost **1000** People, including **394** qualified accountants and **852** university graduates



**222** promotions



13 Pancyprian awards in the Association of Chartered Certified Accountants (ACCA) professional examinations



More than **190** new recruits



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



**24** international secondments in other PwC firms around the world, out of which 10 short-term and 14 long-term

**69** newly qualified accountants



**71%** People Engagement Index score

### Corporate responsibility

### **Pro-bono**

€80.000

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

### **Entrepreneurship**

**€140.000** 

were invested in our entrepreneurship initiatives



### **Volunteering**

42 people

from our organisation volunteered spending **574** hours for various activities

### **Donations**

**€60.000** 

donated to non-profit organisations to support charitable institutions



# CEO message **Our Services** Clients and markets **People Firm Corporate** Responsibility **Financials**

# CEO message



It gives me great pleasure to present to you our Annual Review for the financial year which ended on 30 June 2018 finding PwC Cyprus once again leading the professional services sector to growth.

According to BrandFinance, we are the top professional services brand and being a leading professional organisation means that we strive to lead by example in everything we do.

Our strategy has our purpose at its core - to build trust and solve important problems. This guides our actions and our engagement with our clients, our people and the community. Our values underpin our culture. Whilst transforming to be fit and relevant for the future it's important to be guided by our purpose and grounded by our values.

We have for the second time quantified and monetised our overall impact on the Cyprus economy, the society and the environment. Our total impact for FY18 is €166.8 million whereas in FY15 it was €162.8 million, a positive increase of €4 million.

We aim to realize our vision to continue to be the leading firm by working on four priorities: People, Digital, Clients and Services. We put the expertise and quality of our people alongside cutting edge cloud-based digital technology to service clients and penetrate new markets whilst expanding our services offering to proactively meet the needs of the market.

The trust of our clients is crucial for everything we do. We are very pleased that in the annual Client Experience Survey, out of a possible maximum score of 10, they gave us a score of 9,06 concerning the likelihood of recommending us and an 8,83 score concerning their overall satisfaction. We understand that we have to be proactive and remain relevant to their needs, telling things as they are, delivering top quality services. We aim at the best possible client

experience we can provide. We approach the market through our industries, geographic market segments and by empowering relationship partners to bring the whole PwC to clients.

To support the needs of our clients and the market we are underway on an exciting transformation journey reimagining the way we work, bringing together the expertise of our people, our business insights and new digital tools.

Investing in the G-Suite has transformed the way we collaborate. The launching of new services like Cyber, Digital, Funds and Wealth Management are key to our effort to be ahead of the curve in proactively meeting the needs of the market.

We believe that our people are at their best when they can be themselves and feel supported to achieve their goals and aspirations. We continue to invest in their development with career development centres, leadership workshops and executive coaching. We have launched a new digital platform that provides exciting learning opportunities, and we brought all our people processes on one cloudbased system, Workday, creating a level of transparency in our daily work that had never existed before.

During FY18 our trainees achieved 2 worldwide awards in the Institute of Chartered Accountants in England and Wales (ICAEW) professional

examinations and 13 Pancyprian awards in the Association of Chartered Certified Accountants (ACCA) professional examinations. We are proud of these results and we vow to continue investing in the development of our people, to give them flexibility and an exciting work environment.

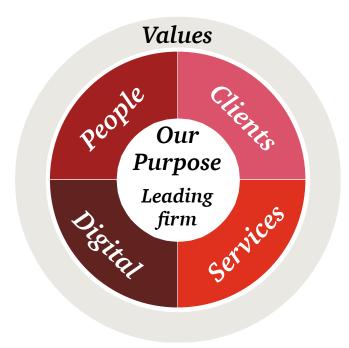
Our clients and our people are the two forces driving us forward. I would like to thank our clients for their continuous and growing trust and support. As we embark on the new financial year we pledge to remain committed in creating the value they're looking for. Our leadership position is the result of a tremendous collective effort by our people. I would like to extend my gratitude to all my partners and colleagues for their hard work, commitment, energy and passion. Their devotion to excellence, make PwC a great organisation.

Evgenios C Evgeniou CEO

September 2018

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# Who we are



### **Our Values**

We act with integrity We make a difference We care We work together We reimagine the possible



# Our Oth services



Liakos M Theodorou

Head of Assurance

## Assurance

### A year of transformation to deal with increased challenges

FY18 was another difficult year for our Assurance practise due to increased regulation, mandatory firm rotations (MFR), international tax structuring developments, sanctions and uncertain economic conditions in our major international markets. A number of major international clients needed to restructure and streamline their groups reducing the number of Cypriot companies requiring audits.

Our local market continues to be extremely competitive and we have to be at our best to be able to grow our revenues while maintaining the high quality PwC standards. Following last year's big win of the Bank of Cyprus audit from the year ending 2019 onwards, we have also had some new important wins (such as the audits of the Central Bank of Cyprus and of Celestyal Cruises). We have also succeeded to retain most of our PIE clients which have completed their re-tendering process, as required by MFR regulations. This demonstrates the trust that our clients have in our teams and it is due to the quality of our services and to our people living the PwC values and demonstrating the behaviours which create long lasting business relationships with them.

To return to profitable growth it requires us to act differently and focus on developing further other Assurance services and accelerate our transformation initiatives to respond to the challenges and disruption, with more digitalisation and a smart way of delivering our services. We have so far completed the client segmentation exercise aiming to cater for different clients needs depending on their size, complexity and industry expertise necessary. We continued our ACA and ACCA training schemes with enhanced training aiming to accelerate the utilisation of our graduates in our teams. We also had a successful launch of our "Flying Start" program where top University of Cyprus students join our audit teams to work together during the audit busy season after receiving the necessary training. We have also set up an Assurance Competence Team with specialists which will be assisting our teams with certain tasks for which they have received specific training. We have of course enhanced the use of our Assurance technology tools and invested in Robotic Process Automation (RPA) which will further increase our efficiencies.

We are committed to continue to deliver value adding Assurance services to our clients utilising our smart people, smart approach and smart technology!



Constantinos C Constantinou Head of Advisory

# **Advisory**

Our Advisory service line offers multi-skilled solutions to business problems. We deliver value to our local and international clients, public and private companies by bringing together a diverse team of experts who work together to meet increasingly complex client needs, across a wide range of industries.

### 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

During FY18, we have continued providing support to all large banking institutions of the island on a wide variety of issues. We are constantly monitoring developments in the banking industry and together with our international network specialists we offer added value to our clients.

Regarding transaction support, we have been involved in a number of due diligence assignments in different sectors of the economy, as well as preparation of business plans and valuations to companies operating both in Cyprus and overseas.

### **Business Consulting**

Our Business Consulting team provides services on:

- Strategy and Operational Effectiveness
- Technology Consulting
- People and Organisation
- Family Business Advisory
- Immigration and Mobility
- Customer Advisory

Our key focus at Business Consulting is to provide Business Transformation services addressing client issues across various areas such as Strategy, Technology, Organisation, Operations, Customer, People and Culture. During FY18, we have worked on several Business Transformation projects addressing multiple of the above areas, while at the same time we developed and delivered individual service offerings in the above areas.

Through our Strategy and Operational Effectiveness service offering, we engaged with clients in various industries such as Retail & Consumer, Pharmaceutical. Hospitality and Leisure, Financial Services as well as the public sector and delivered

projects in the areas of strategic planning, organisational restructuring, procurement transformation and operational effectiveness.

Under Technology Consulting, new service offerings have been developed in assisting with the implementation based on the General Data Protection Regulation (GDPR) which came into effect in May 2018.

We have retained and strengthened PwC's position in providing recruitment services to a number of financial services, retail, construction, professional services and international organisations by handling middle to top management positions such as CEOs, CFOs, etc.

During FY18, we supported a number of local family businesses in the design of their family protocols and their succession plan. Other HR related services we delivered include HR diagnostics, people surveys, trainings and performance management systems.

# Risk, Compliance and Regulation

Our Risk, Compliance and Regulation team provides services to clients who want to effectively and efficiently manage risk and comply with complex regulatory requirements including:

- Improve their processes whilst mitigating inherent business risks and strengthening internal controls
- Establish or 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
- Obtain the required licenses to offer regulated services in Cyprus (e.g. banking, investment, 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) where relevant
- 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 and the Common Reporting Standard
- Increase the Board's effectiveness and strengthen the Corporate Governance of the organisation

During FY18 a focus area for our consultants was to assist banking institutions with critical tasks around NPL management, risk exposures, improving their internal processes and controls and using their capital and liquidity resources efficiently. Overall the team is constantly monitoring developments in the banking industry and the requirements of the SSM towards systemic banks and together with our Network specialist advice on how to comply with such requirements.

Another focus area for FY18 was to support both banks and investment firms in their efforts to comply with a new major regulation, MiFID II, an area of significant complexity for which deep expertise is required.

# Sustainability and EU Programmes

Our sustainability team helps organisations to fully understand and address the social, environmental, economic and ethical issues of the environment they operate through:

- System development and implementation of Sustainability Management Systems in the areas of quality, environment, health and safety and food safety
- Corporate Social Responsibility strategy development and reporting
- The assessment of the current and future climate change challenges and help the organisation to address them
- Provision of training and coaching particularly in the areas of energy auditing and energy management systems development and implementation

During FY18, we have won high profile assignments in the areas of energy management, corporate responsibility, strategy development and reporting, according to the Non Financial Information Reporting EU directive, as well as process and quality improvement.



Theo C Parperis Head of Tax & Legal

# Tax & Legal services

PwC is the leading provider of tax and legal services in Cyprus, in terms of reputation, size and scope of our practice.

Our Tax and Legal services (TLS) comprise the full spectrum of one stop service for local and international clients providing expert advice in order to assist them resolve their tax and legal issues, as well as adding value to their business.

Our services are tailored to address the needs of both corporate and private clients.

Our TLS services for corporate clients include tax planning, tax advice on setting up proper substance, transfer pricing, mergers and acquisitions and full tax, legal and statutory compliance.

Our TLS services for private clients focus on asset protection, family governance matters, tax advice on wealth management issues, support of private transactions and tax residence issues.

We offer our TLS services under the following key competencies:

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

Achieving tax objectives in today's ever-evolving global landscape requires experience and foresight. We aim at helping our clients make the best decisions to strategically move their business forward with confidence in the new tax and regulatory global environment.

We therefore continuously review the domestic and international tax and legal developments, listen to our clients, understand their needs and adjust our services accordingly.

During FY18, in line with the above principles, we have restructured our TLS services by fully separating our Advisory and Compliance services.

Advisory services focus exclusively on providing bespoke and expert tax and legal advisory solutions to clients.

On the other hand, Compliance services focus on providing efficient and cost effective tax, legal and statutory compliance to our clients.

International Private Clients (IPC) and Tax Reporting & Strategy (TRS) are the two new competencies launched during FY18. IPC to encompass the full range of support services for our international corporate and private clients and TRS to encompass the full range of tax and legal compliance services.

increase

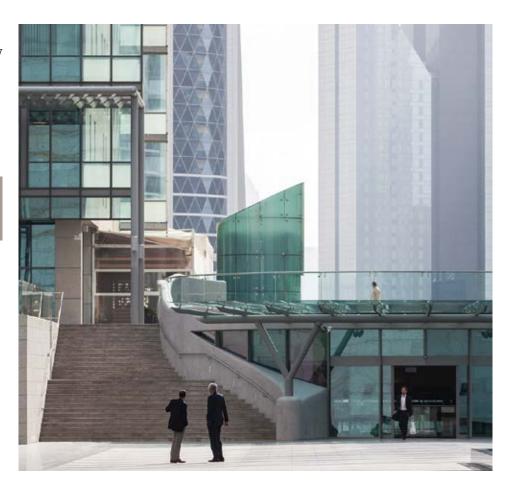
TLS achieved a 4%
increase in Gross
revenues for FY18.

During FY18, we have also continued our business transformation journey by investing further into people and technology.

Continuing from the automation of TLS processes, which was completed during the year, we have now begun the introduction of robotics in order to achieve further efficiencies and effectiveness in our dedicated compliance services. We have also invested further in people with expert knowledge, such as in Transfer Pricing, Funds and Investments, and in people with technology expertise.

The business and regulatory environment is expected to remain challenging in the new financial year, with a number of new regulations and reporting for companies and professionals. Our restructured service offering, our leading position in

the profession, our investments and client centric approach and, above all, the quality of our people, make us well equipped to face the challenges and take advantage of the opportunities which will arise during the year.



### Tax Advisory

Aligning tax strategy with the business strategy and operational model in an era where there are reputational risks on taxation matters is an issue of utmost importance for companies and C-suite executives.

At PwC Tax Advisory, both locally but also through the strength of our international network, we are keeping abreast of all the international and local 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.

Therefore, in addition to having the capacity and capability to advise on all areas of taxation including Corporate Tax Advisory, International Tax Structuring, Private Clients, Tax Investigations and Tax Accounting, we have continued to invest in our teams specialising in Transfer Pricing, Country by Country Reporting, Exchange of Information and State Aid. Our colleagues actively participate in our PwC international network teams, including international secondments, to ensure they are up to date with all issues relating to their expertise and help them further their experience and development.

Contributing to the Brand and Reputation of Cyprus as an international business centre is an aspect that we also consider very important. We contribute by continuing to be very active in spearheading business development activities in Cyprus and abroad and in providing support to

relevant Ministries and the Department of Taxation.

In the era of transparency and exchange of information we help our clients navigate through the complex and demanding tax compliance and reporting requirements whilst having adequate comfort that their actions and tax filing positions are compliant, in a way that Brand and Reputation is protected both for the company and its directors.

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

### **Indirect Tax**

We are living in an age where countries are increasing their focus on Indirect Taxes for revenue generation purposes.

Current business strategies and operational models result in more complex transactions. There is increased focus by tax authorities on substance over form. Reputational risks in relation to tax matters become ever more important for companies and executives.

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

We advise on all areas of Indirect Tax including VAT, Private assets and Customs and Excise tax issues.

Global reporting obligations are becoming increasingly strict and real time reporting and electronic data audits are becoming common place. Data collected by tax authorities across different returns and iurisdictions is being cross-checked. benchmarked and data-mined.

Effective automation and analytics are increasingly important in the Indirect Tax compliance process. At PwC, we understand the pressures and challenges that clients face and have developed solutions to enable businesses to effectively manage their Indirect Tax compliance procedures.



### 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, due diligence, setting up of private companies and other business entities, joint ventures, trusts, funds and other forms of businesses, personal wealth and holding vehicles.

The Legal Firm has had a very successful year and managed to achieve significant growth and 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) provides international private and corporate clients with sustainable and compliant solutions and acts as their trusted advisors.

IPC also provides specialised services such as Multi Family and Wealth Management services as well as set up and administration of Funds and Trusts.

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

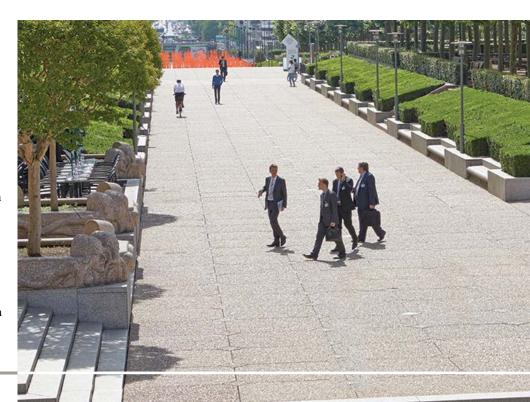
Clients are serviced by dedicated integrated teams which operate seamlessly with our experts in tax, legal and other business units in order to provide value added solutions.

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

During FY18, 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.

IPC has continued restructuring its activities so as to stay relevant in the ever evolving business landscape and adapt to the changing requirements of clients.

The healthy inflow of work should continue in FY19 and this will allow IPC to continue offering value added services to our international clients. During FY19, the focus will be on supporting clients for setting up funds in Cyprus, provision of Corporate and Wealth Management services as well as to continue working with our clients on banking issues, group restructuring opportunities and adherance with rules in a challenging regulatory environment.



### 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-stopshop, the statutory corporate compliance obligations. It has been organised 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.



# Clients & Markets



Stelios C Constantinou

### Head of Industries

### **Industries**

As the economy continues on its positive momentum to growth and companies are shifting their focus in the fast moving digital and client experience space, our industry specialists are responding helping clients manage their new challenges. We continue to use the successful business accelerator initiative, as we build on the pillars of integrity, courage, passion and rigour, to proactively focus on client issues through industries by mobilising the Firm's best industry subject matter experts to help 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. One such emerging industry trend in FY18 is the push towards digital and improved customer experience for which our specialists are creating industry specific solutions to address client needs.

### **Funds**

Cyprus is becoming one of the top emerging investment fund centres in Europe. The recent legislative changes with the introduction of the Registered Alternative Investment Funds and the strengthening of the existing legal framework elevated Cyprus at centre state in the Funds arena.

Recognising the huge potential of the Funds industry, PwC placed a lot of effort in promoting and supporting the market at both a European and International level. In addition, we developed a seamlessly integrated service offering including audit, tax, administration and advisory services,

allowing a smooth exchange of information, a carefully coordinated delivery with maximum efficiency. Acting on a proactive manner, PwC heavily invested in training and educating specialised teams as well as building the necessary technological tools to support the business.

In particular, PwC's Funds practice helps clients to manage potential regulatory and operational challenges by suggesting commercial, practical and feasible fund structuring solutions. Our clients' base in the financial services industry in Cyprus is second to none.

During the year, we have seen the continuation of the momentum for the registration of Alternative Investment Funds and Fund Managers. We still maintain the "lion share" 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 predominately from the UK for continuance of their operations throughout Cyprus.



### **Banking industry**

The severe regulatory and political pressures on the banking industry during the past year continued to create uncertainty and significant momentum for change for all stakeholders. During these critical times we continued to demonstrate our ability to deploy our extensive team of specialist industry resources supported by our international network to work closely with all major banks in Cyprus as well as the Government and the Central Bank, in a number of strategically important advisory and assurance projects. During FY18, we continued to develop and pursue client opportunities aiming to deliver value to our clients and we were able to further increase our market share and exceed the most challenging of revenue targets from this sector.



## Construction & Real Estate

The real estate industry is a key driver of economic activity. While the property sector constitutes one of the most accelerating sectors of the economy and absorbs the majority of foreign direct investments in Cyprus, the real estate market is still experiencing very challenging times and at the same time, the environment is increasingly becoming more complex. This calls for a need for independent real estate consultants who are able to provide clients with specialized, independent and professional advice.

PwC has a leading position in the provision of specialized real estate advice - we bring forward a core industry driven team, which comprises qualified property professionals members of the RICS, with extensive and diverse track record and deep understanding of the workings of the local market and its behavior.



# Transportation and logistics

Shipping is a changing industry, currently characterised by overcapacity, credit squeeze, consolidation and streamlining of operations. The continued challenges faced by the shipping industry include:

- legal and regulatory (environmental)
- security (cyber and physical)
- harnessing technology
- operating at a loss

All the above create the need for appropriate and timely strategic actions. World trade is characterised 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 and is disrupted by technological breakthrough.

Our industry experts have an in-depth understanding of key industry issues necessary to deliver the services our transportation and logistics clients need, going beyond the traditional services of audit and tax, focusing on:

- digital transformation consulting
- data analytics for decision support and scheduling optimisation
- IT governance and digital transformation readiness assessment

We are also an integral part of PwC's global transportation and logistics practice, giving our clients access to a huge international network of knowledge and experience.

### **Retail & Consumer**

Digital disruption and the digital power of the Millennials are deeply impacting the Retail & Consumer industry through changing consumer behaviours and spending trends.

Retailers are focusing on delivering enhanced physical and digital customer experiences, through the use of analytics and Artificial Intelligence which deliver real-time data and valuable consumer insights. This calls for new, customer-centric business models and strategic plans, which enable the delivery of a personalised, convenient and omni-channel customer experience to consumers.

Locally, the industry is going through significant changes, as new market entrants with international presence and the construction of new shopping malls is expected to fuel the "High-street vs. Malls" argument.

As PwC, we stand by our clients in this challenging yet exciting transformation journey, offering them a wide spectrum of services including strategic planning, digital transformation, customer data and loyalty analytics, customer experience and operating model design, as well as cyber and information security.





### **Hospitality & Leisure**

Hospitality and leisure industry sectors are highly sensitive to economic, geopolitical and competitive market conditions whilst being capital, management, marketing and technology intensive.

In 2018, the Cyprus incoming tourism industry hit again record high numbers. We have seen new developments such as the law voted by the Parliament for the formation of the Ministry of Tourism, the first temporary Casino opening, new hotel constructions and the development of new marinas.

At the same time, the industry challenges evolve and relate to overreliance on certain markets, country competition, human resources needs and seasonality. Additionally, environmental and regulatory compliance and corporate responsibility are on the top of the hoteliers agenda.

Our hospitality and leisure industry experts support businesses to meet the challenges of today's market conditions through value adding services in the areas of, among others, strategy formulation, operating model design, digital transformation, customer experience & analytics, succession planning, sustainable destinations as well as sustainability management systems.





# 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.















# **Industry Events**









### 5th International Banking Forum



PwC Cyprus sponsored the "5th International Banking Forum", which was held in December in Nicosia. The event addressed the latest developments in the banking sector and also provided a commentary on today's banking ecosystem.

### 15th Grocery Retail Conference



PwC Cyprus sponsored the "15th Grocery Retail Conference" which took place in May in Nicosia.

The conference presented the latest retail trends and developments in Cyprus and abroad and focused on brands, technology and marketing used in the FMCG industry.

### 3rd International Funds Summit



PwC Cyprus was the Platinum sponsor of the "3rd International Funds Summit" which took place in October in Limassol. The event was organised by the Cyprus Investment Funds Association (CIFA) and IMH, and was supported by the International Capital Market Association (ICMA) and Invest Cyprus. The Summit welcomed leading fund managers and administration specialists to evaluate the changing competitive landscape in the asset management services sector and collectively addressed international standardisation, regulatory and legal compliance criteria and challenges.

### Real Estate event in Limassol and Nicosia



The developments in the Cyprus real estate sector and the important changes in International Financial Reporting Standards (IFRS) and tax legislation that affect the sector were the focus of the two events organised by PwC Cyprus in Limassol in November and in Nicosia In March. Industry professionals had the opportunity to be briefed in depth on the current situation of the market, the new tax legislation affecting the real estate sector as well as the latest trends in the property market. During the event, PwC Cyprus also unveiled its publication on the Cyprus land development market entitled "Cyprus Real Estate Market - First Half 2017" and "Cyprus Real Estate Market – Year in Review 2017"



### 5th Energy Symposium



PwC Cyprus was the sponsor of the 5th Cyprus Energy Symposium, which took place in November, in Nicosia. The Symposium was jointly organized by the Athens-based Institute of Energy for South-East Europe (IENE) and the Nicosia-based F.M.W. Financial Media Way company and gathered political figures and senior company executives, business people and academics from Cyprus, Greece and abroad.

### Sustainable Tourism for the Present and the Future



PwC Cyprus sponsored the 11th Annual General Meeting and the event "Sustainable Tourism for the Present and the Future" organised by the Cyprus Sustainable Tourism Initiative (CSTI) an independent non-governmental organisation to promote the development of sustainable tourism.



### Cyprus Private Banking and Wealth Management Conference



PwC sponsored the Cyprus Private Banking and Wealth Management Conference. 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.

### *Money conference 2018*



PwC Cyprus was the Gold sponsor of the Money Conference 2018 organised by the Cyprus Chamber of Commerce and Industry, Top Kinisis Conferences and Events and the Cyprus Russian Business Association. The programme of the Conference included keynote speakers and panels showcasing up-to-date information and strategies on profitable investments.

### **40th Annual Hotel Conference**



PwC Cyprus was the official sponsor of the 40th Annual Hotel Conference organised by the Cyprus Hotel Association (CHA) in February in Nicosia. The official ceremony was addressed by the Minister of Energy, Commerce, Industry and Tourism, Mr George Lakkotrypis, our CEO, Evgenios Evgeniou and the President of CHA, Mr Haris Loizides. The overall theme of the conference was: "Moving forward in enhancing total customer experience".



### 31st Annual Marine Money Week 2018





PwC Cyprus sponsored the '31st Annual Marine Money Week 2018', the world's largest ship finance conference organised by Marine Money International, which was held in New York City. The Marine Money Week 2018 titled 'Capital for Shipping: Breaking Through to Better Markets, Better Business Models, Better Financing & a Better Industry' focused on the development and execution of growth strategies in key shipping sectors.





Marios S Andreou

Head of International Markets

### **International Markets**

Our international markets efforts focus on providing support and value to our clients across the geographies in which they operate by building the appropriate teams, capabilities and expertise. We are strongly connected to our international network by actively participating in the relevant teams in think tanks (for example PwC EU Direct Tax Group and State Aid Working Group) and this gives us the ability to draw additional resources and knowledge and give a seamless experience and holistic approach to our clients.

At the same time we actively promote Cyprus as an international business centre through targeted meetings, organisation or participation of conferences and other events thus contributing positively to enhancing the Country's brand and image.

Recognising the different business cultures, approaches and needs in various parts of the world, we have specialised teams for three different clusters of our international markets. This gives us the ability to have appropriate specialised knowledge and consistent approach whilst maintaining a global view.

International developments in the last few years have created a more complex international business environment that needs careful monitoring and proactiveness. There is political and economic volatility through for example US/EU sanctions and BREXIT. There is also increased Regulation and Legislative amendments both at OECD and EU level but also at specific country level as in the case of the US Tax Reform.

We place great importance on our ability to assist our clients to safely navigate and grow their business in this increasingly complex international environment and we are continuously strengthening and improving our teams.

During the year we have managed to turn most of the challenges into opportunities and maintain a strong position with good performance and revenues from our international markets efforts.

We will continue to invest in our international markets and will strive to further open up relatively new Markets and opportunities during FY19.

### Middle East

The MENA region (Middle East and North Africa) has faced various challenges over the last few years, with geopolitical uncertainty, falling oil prices and social and economic reforms very high on the agenda. These challenges also create opportunities and during FY18 we made a concerted effort to increase our collaboration with the PwC Middle East firm and penetrate the MENA market.

As part of these efforts and in close cooperation with PwC Lebanon in March 2018, we held a joint event which attracted clients and contacts from both offices. The high quality audience gave us the opportunity to meet a number of clients and prospects and understand how the challenges and major reforms affect them

and their businesses. We were able to discuss and demonstrate to the audience, how we together with PwC Lebanon, offer practical and suitable solutions to address their business/individual needs.

The plan is to hold more similar events in the region. In this context, we have agreed with PwC Dubai to hold an internal two day workshop within 2018, where discussions will centre around Private Clients and international tax planning matters and how the two offices can cooperate closer to offer smart solutions to clients and prospects.

We have also had an initial meeting and discussions with our PwC office in Amman for holding a similar client event and we plan to hold more meetings with the PwC offices in the MENA region in order to enhance further our collaboration.

### IJK

The UK presents a wide range of opportunities due to its unique characteristics and positioning in the world's economy and its historical ties with Cyprus.

We continue to invest in developing Cyprus based solutions to clients that might be affected by Brexit. Cyprus as one of the few Common Law countries in the EU, with English being widely used as the business language, provides a strong EU alternative for a number of businesses, especially those that are ultimately held by Middle East, Asian and African owners. Cyprus can give them a base within the EU whilst being in an EU jurisdiction which is closer to headquarters.



### **USA**

FY18 was another good year for the US market with a strong performance across the board, a year in which the largest overhaul of the US tax code since 1986 was brought about with the signing of the US tax reform bill in December 2017. We have closely followed the reshaping developments as they unfolded and ensured to actively promote Cyprus and our wide scope of solutions, in an effort to further increase our footprint in this ever increasingly critical market for us.

We have enhanced our US business development efforts during the year by bringing in more colleagues from all competencies, developing teams working seamlessly on projects and visiting more frequently both existing and new clients as well as many PwC offices. This included visiting locations with no or limited visits in the past in an effort to create new channels and key relationships.

A parallel initiative which begun this past year was the cooperation with PwC Luxembourg, via joint brainstorming sessions, in an effort to identify joint US market solutions that we can take together to our clients, leveraging the power of our international network to add value. The plan is to expand these joint initiatives with other peer network firms with the ultimate aim of ourselves becoming even more focal and relevant as a reliable international business centre.

FY19 will be even more challenging as the impact of the US tax reform itself as well as in-coming EU rules will be more profound with US multinational clients looking for business solutions. To that extent we are looking to step up and widen our efforts even more, leveraging on the deeper knowledge, client portfolio, reliable track record and relationships we have now come to have developed in this market both within as well as outside the PwC network.

### China

This was a particularly successful year with a significant increase in fees earned from the Chinese market.

### **New Business**

- We won the formation of a fund, an EMI and a trust for a group which is active in several sectors. We also carried out Real Estate due diligence and recruitment services.
- We have carried out extensive work for another group which has set up a fund and fund manager company as well as an EMI.
- We performed work for several other clients established in the previous year.

### **Business Development efforts**

- We stayed close to key contacts in M&A and International Tax 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 intensified our networking efforts with the local Chinese business community in 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.

### **International Market events**

### Russia

International Tax Developments and their impact on Cyprus



PwC Cyprus joined forces with PwC Russia and organised two events one in Russia and one in Cyprus.

The event held in Moscow, with the presence of the Minister of Finance, Mr Harris Georgiades focused on the challenges and opportunities our country offers to companies that operate, invest in or wish to expand their activities to Cyprus.

The second event took place in May in Protaras with the participation of 30 colleagues from PwC Russia who joined PwC Cyprus colleagues and discussed various issues at this Tax Technical workshop. Some of the topics that were touched upon were Beneficial Ownership and CFC considerations, Tax Amnesty, Anti-Tax Avoidance Directive (ATAD) and Transfer Pricing. Group workshops and team building activities took place in the afternoon giving the participants the opportunity to have fun and network.



5th Future of Cyprus for Russian Business



PwC Cyprus sponsored the conference titled "The Future of Cyprus for Russian Business" which took place for the 5th time in April 2018 in Limassol. The event was organised by the Cyprus Chamber of Commerce and Industry and the Cyprus Russian Business Association together with Chryssafinis & Polyviou LLC and Bolotenko Law and attracted more than 250 business people from Cyprus and abroad. The leading experts from Russia, Switzerland, Luxembourg and Cyprus analysed the situation and gave the broadcast for the bright future of Cyprus and Russian Businesses.

### UK

Cyprus Regaining its momentum: Targeting investment and growth



PwC Cyprus was the Platinum sponsors together with Bank of Cyprus, of the Economist event entitled "Cyprus: Regaining its momentum. Targeting investment and growth" that was held at the London Stock Exchange.

Conference participants analysed the opportunities and challenges facing the Cyprus economy under the current international environment. Discussions were also held on the latest economic and political developments on a local and European level, as well as the country's prospects as a Eurozone member. Representatives of international rating agencies, eminent UK academics, advisers to the European Central Bank and other key players in the business world also took part in the discussions

During his participation in a panel discussion on investments, our CEO commented on the importance of Cyprus' geographical position and its relations with its neighbouring countries.

# in People



Philippos C Soseilos Head of People

# **People**

### With an eye to the future

In FY18, we achieved a lot in the People space. We worked on empowering our People to be the best they can be, so as to reach their full potential and deliver fantastic services to our clients, as well as invested heavily in the introduction of leading-edge human capital management technology which can enable us to move into the future with more confidence. This section outlines how our human capital management activities empowered professional and personal growth.

### **Human Capital Key Performance Indicators**

- Almost 1000 People, including 394 qualified accountants and 852 university graduates
- More than 190 new recruits
- 69 newly qualified accountants
- 222 promotions
- 71% People Engagement Index score
- **24 international secondments** in other PwC firms around the world, out of which 10 short-term and 14 long-term
- **2 worldwide awards** in the Institute of Chartered Accountants in England and Wales (ICAEW) professional examinations
- **13 Pancyprian awards** in the Association of Chartered Certified Accountants (ACCA) professional examinations

### An exceptional place to work

As a progressive employer, we value and practice equality, diversity and inclusion. We make sure that equal opportunities and inclusiveness are a key part of our business strategy, and are delighted to be holding the "Gender Equality Employer Certification", awarded by the Department of Labour Relations of the Ministry of Labour, Welfare and Social Insurance, on the basis of our human capital policies and best practices on gender equality, equal career progression opportunities, equal worklife balance and equal pay between male and female professionals in the workplace.

In addition, we continue to hold the prestigious international "Investors in People" Champion and Gold Accreditations in Human Capital management, which reflect the quality of our People management practices, the strength of our culture and our commitment to continuous improvement.

The local and international recognition of our human capital management best practices is a way for us to make sure that we are on track with our People strategy.



Investors in People (IIP) Champion



Investors in People (IIP) Gold



Gender Equality in the Working Environment



### **Transformation**

FY18 was a year of technological transformation in the People space, with the introduction of new global leading-edge digital systems.

As of 1 July 2018, we introduced "Workday", our new digital human capital management system, which provides the full suite of human capital applications, anywhere, anytime from any device. This brought about a fantastic opportunity to standardize our human capital best practices across the entire PwC global network, as well as empower our Team Leaders and their decision-making even more, by providing them with real-time access to information about their People and teams, as well as powerful people data and reporting capabilities. In FY18, our Team Leaders were trained on how to effectively use Workday through "Mission Workday", a fun and interactive workshop, and all colleagues were encouraged to review and update their personal profile in Workday through a fun "Workday Challenge" competition.

In line with the introduction of Workday, we also designed a new "Human Capital Google Site", a live human capital platform through which all our people have access to up-to date human capital information and policies from any device.



In the Learning and Development realm, we introduced "Vantage", our new global learning and development platform. Its innovative search and recommendation engine surfaces content that is relevant to

personal learning needs and preferences, as well as allows our People to learn flexibly by using their mobile devices. Going forward, "Vantage" can help shift the ownership of learning to our People, by making one's development more intentional, through the opportunity to browse and opt for training, view their training record and manage their own, as well as their team's learning.

In addition, we launched our global "Digital Fitness App", where our People can assess, develop and deepen their digital acumen, as well as follow the latest developments in digital transformation topics.

All in all, these new systems are bringing about an exciting transformation in the People space and are driving us into the future of work.



### Recruitment

Attracting the right talent continues to be paramount to our business, and we are genuinely committed to broadening access to a career in professional services and being a part of creating a diverse workforce for the future.

In FY18, we carried out more than 20 strategic employer branding activities, attracting an audience of over 500 high calibre graduates and professionals, received more than 1400 applications for employment and recruited over 190 professionals across the organisation, including 60 university graduates, who embarked in our 2018 ACA and ACCA professional accounting training schemes.



We are continually innovating, to provide a number of routes into PwC and increase the opportunities People have to work for us.

For example, our innovative "PwC-UCY Flying Start Programme", which is a pioneering partnership between PwC Cyprus, the ICAEW and the University of Cyprus, concluded successfully its first year. Through this fast-track programme, Accounting students from the University of Cyprus (UCY) have the opportunity to

combine their academic education with acquiring professional experience through work placements with PwC, as well as securing a job position with us upon their graduation and obtaining the ICAEW Chartered Accountant qualification one year earlier than other university graduates.



Moreover, our popular "Summer Internship Programme" recruited a diverse background of university graduates, who were given the opportunity to work with our professional teams for one of our Lines of Service, as well as towards securing a position in one of our professional training schemes.



### **Mobility**

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.

In FY18, 15 of our People secured secondments in PwC USA, PwC UK, PwC Hungary, PwC Netherlands and PwC ME, while 3 People from PwC Russia and PwC Ukraine were seconded to PwC Cyprus. In addition, a total of 22 People transferred to a different Line of Service within the organisation and 51 to a different Business Unit within their Line of Service, in order to meet our client needs and get a diverse work experience.

### **People Engagement**

In our "2018 Global People Survey", we achieved a high People Engagement score (71%) with the vast majority of our People feeling proud to be working in PwC (79%) and feeling that the People they work with demonstrate high standards of ethical conduct (80%).

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 FY18, 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.

### **Progression**

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, through a number of promotions during the year.

As of 1 July 2018, 2 of our Directors were promoted to Partners and 3 of our Senior Managers were promoted to Directors.

### Our new Partners:



Charalambos Sergiou Tax Advisory



Michalis Stephanou Advisory

### Our new Directors:



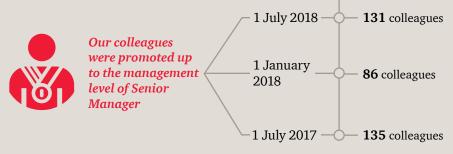
Angelos Ioannou International Private Clients



Constantinos Savvides Advisory



Rami Amireh International Private Clients



### **Performance**

We go out of our way to give our People the respect and recognition they deserve. During FY18, we offered stimulating work, invested in continuous professional development, ongoing coaching and constructive feedback, as well as maintained 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 top-down feedback is provided regularly throughout the year, which then forms the basis of our annual appraisal process. Agreed objectives and management level-related skills and capabilities are aligned to our "PwC Professional" 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.

Moreover, a confidential and anonymous "Upward & Peer Feedback" programme is administered on an annual basis for all our Managers, Senior Managers, Directors and Partners, so as to help them in their personal development journey.

### **Promoting talent**

Our talent strategy is designed around helping our People reach their full potential by providing numerous opportunities for them to continuously develop their leadership skills, grow their careers and deliver consistently extraordinary results for our clients.

In FY18, we ran "Reflect Development Centres" for Senior Associates 2, "Career Development Centres" for Managers, Senior Managers and Directors, the "Orion Executive Coaching Programme" for Senior Managers and Directors and a series of individual "Career Development Conversations" with all newly promoted Managers up.

In the realm of "Global Key Talent Programmes", 4 of our Senior Managers participated in the "MyWay" programme and 20 of our Senior Associates participated in the "Altitude" programme, both of which aim to develop future leaders through high-impact developmental interventions, personal coaching and networking with colleagues from other PwC territories.



#### Learning and **Development**

The skill-set, expertise and mindset of our People help us deliver our strategy and make us distinctive in our market. This is why ongoing learning and development are embedded in our culture. We ensure our People receive leading-edge technical training, as well as skill-building programmes and experiences that are relevant to their work and integrated to their day-to-day working lives. This investment brings positive returns both for our People and our business. As our People improve, so does our overall service to our clients.

Our approach to learning and development is based on the "Real Time Development" principle, enabling our People to learn rapidly, continuously and efficiently. In line with this, in FY18 we implemented on a pilot basis PwC's "Team Based Learning" (TBL) global methodology, to help our People cultivate an even more developmental mindset and look at every work situation as a learning opportunity.

Through our "iGrow" management development programme, we continuously enrich our business skills training interventions and enable all our People develop further their leadership, relationship, coaching, business and global acumen skills, based on the global "PwC Professional" leadership framework and our refreshed Values. Our emphasis on offering blended learning solutions, such as case studies, videos, e-learns, self-awareness tools, role plays and group exercises, aims to enhance our People's learning experience even further.

#### **Partner Development**

Our Partners are developed through engaging and powerful learning experiences that are flexible, personal and relevant to their needs. On top of continually investing in our Partners' technical development. business and leadership skills through attendance in global "PwC Network Business Programmes", this year we also launched a local "Executive Development Programme" for Partners that includes a series of executive modules covering areas that are critical to the present and future success of our business. The programme kicked off on the topics of Leadership and Collaboration.

#### PwC's Academy

During FY18, PwC's Academy continued to provide tuition and support to our Trainee Accountants under both the ICAEW and the ACCA schemes. Our trainees' professional examination results in FY18 were outstanding, with pass rates well above the worldwide averages, achieving 100% in some papers.

During the year, our Trainees honoured us by achieving worldwide and national awards in their professional examinations. More specifically, 2 of our ICAEW Trainees achieved worldwide awards, which were presented to them during a special award ceremony organised by the ICAEW in London, 10 of our ACCA Trainees achieved 1st Pancyprian place and 3 of our ACCA Trainees achieved 1st, 2nd and 3rd place amongst the top 3 ACCA Affiliates in Cyprus.







During FY18, tutors of PwC's Academy delivered 1 ICAEW full course and 4 ICAEW revision courses abroad, 24 Continuous Professional Development (CPD) seminars approved by the ICAEW and ACCA to a total of 362 participants, 17 in–house seminars to local organisations with 343 participants, and 2 in-house seminars to organisations abroad.



#### **Professional Examination Award Winners**

#### ICAEW Worldwide Awards

Joint First Place and the Knox Prize in Tax Compliance

Roberta Koumettou - Assurance Marina Papanastasiou - Assurance

#### **ACCA Pancyprian Awards**

First place amongst the top 3 Affiliates in Cyprus First place in Cyprus (12th worldwide) in paper P1 (Governance, Risk and Ethics) Alexey Vorobyev - Assurance

Second place amongst the top 3 Affiliates in Cyprus

Xenofon Mitsakos - Tax and Legal Services

Third place amongst the top 3 Affiliates in Cyprus

Marios Gkikas - Assurance

First place in Cyprus (5th worldwide) inpaper P7 (Advanced Audit and Assurance) Georgios Goumenos - Assurance

First place in Cyprus (7th worldwide) in paper P7 (Advanced Audit & Assurance) Christos Markou - Assurance

First place in Cyprus (12th worldwide) in paper F8 (Audit and Assurance) Valerija Sukhikh - Assurance

First place in Cyprus (15th worldwide) in paper F9 (Financial Management) Ekaterina Burnysheva - Assurance

First place in Cyprus (18th worldwide) in paper F5 (Performance Management) Eleonora Theodoridou - Tax and Legal Services

First place in Cyprus (28th worldwide) in paper P5 (Advanced Performance Management) Vasileios Fragkiadakis - Assurance

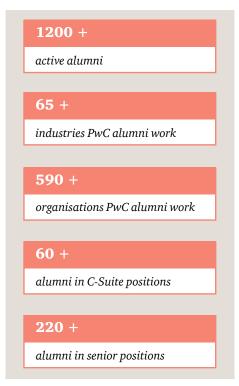
First place in Cyprus in paper P2 (Corporate Reporting)

Giannis Karatsolias - Tax and Legal Services

Joint First place in Cyprus (28th worldwide) in paper P1 (Governance, Risk and Ethics) Ekaterina Konovalova - Assurance Maria Svricha - Assurance

#### Alumni

Our "PwC Alumni Programme" invests in maintaining a strong relationship with our former colleagues, by helping them connect to PwC friends, mentors, resources as well as business opportunities.



Through this programme, our Alumni have access to the broader PwC community and networking platforms by receiving invitations to networking or industryrelated events, professional development events around technical and business skills. a discount when attending PwC Academy courses, updates on thought leadership and information on new career opportunities.



Cleo A Papadopoulou In charge of Diversity & Inclusion

#### **Diversity and Inclusiveness**

#### Diversity is a fact... Inclusiveness is an action

Globally, only 17% of graduates are white males and according to Unesco statistics 60% of the global talent pool is females. So an organisation has no option but to be diverse in recruitment. In addition, several studies have also shown that organisations with more diverse leadership are more successful.

*In PwC*, we have come to the realisation that to have impact and serve our communities, our stakeholders and our clients, we need diverse talent. To solve the problems our stakeholders are facing, we need diverse talent. To build trust across different points of view, we need diverse talent. Thus, it's imperative for us to attract, retain and develop diverse professionals to spur innovation, drive growth and sustain competitive advantage in the marketplace.

This is why, diversity and inclusiveness is a priority for us. This is why during the last five years we have put a lot of energy on how diversity and inclusiveness ties into our overall business strategy, vision and purpose.

The experience of our D&I journey up to now in attracting, retaining and developing diverse talent, included many highlights but also many challenges, which have given us much food for thought. Along the way we've learned many valuable lessons that we are using to shape our future journey. These lessons are shared below to create awareness and influence others in creating or enhancing diversity and inclusiveness strategies:



Equity is giving everyone what they need to be successful. Equality is treating everyone the same.

Equality aims to promote fairness, but it can only work if everyone starts from the same place and needs the same help. But not everyone starts from the same place, and not everyone has the same needs. Since everyone is different and we embrace these differences as unique, we must also redefine our basic expectations for fairness and success as contingent upon those individual differences.

One of our latest efforts to support equity is the launch of a six month women initiative, with different elements (i.e panel discussions, learning interventions etc) that focuses on common issues that have an impact on their career.



Without the right levels of leadership commitment, and – even more importantly– the appropriate accountability infrastructure, it will prove very challenging to move the needle on diversity in a sustainable way.

For this reason we have appointed a female Partner as the D&I Leader, who has a voice in the Human Capital and Management Board and reports directly to the CEO. This strengthens our ability to align our strategy with that of our business and have more leadership commitment when it comes to our annual D&I action plan.

3 Embed D&I in: Organisation DNA

Sustainable progress will not be achieved if D&I is driven in a silo. D&I must be embedded within the DNA of an organisation and become an intuitive and implicit aspect of every discussion, activity, client interaction and people and business process. To achieve this, we invest time and effort in actively influencing critical stakeholders with a view to embedding D&I within all our business activities.

More specifically, one of our actions was to introduce a diagnostic toolkit that provides questions to consider and proven practices to help drive greater diversity across each phase of our talent cycle. It is an informative and inspiring tool that helps to quickly assess your approach and take action with practical suggestions.





It is evident that we all have unconscious biases that come into play in our relationships and decision making, which sometimes prevent us from fostering an even more inclusive environment.

To address this we have focused on reinforcing the behavioural changes required to make individuals across the firm be more aware of and mitigate their blind spots. This was achieved through various initiatives such as self-awareness tests. Open Mind e-learns and other learning interventions.





To make real progress, it is not enough to adopt what feels like creative and innovative policies or programmes. Instead, it's fundamental that we identify and track robust, relevant KPIs to measure the success of any D&I intervention we initiate.

The adoption of the Global Inclusion Index has been a critical step for us in achieving this. The Index is an innovative 'fullcircle' framework that provides a clear picture of our current diversity reality, our annual diversity progress, and where we should be focusing future action. Based on a combination of quantitative and qualitative measures the Index provides a score out of 100, called "Inclusion Index".

The "Inclusion Index" score sits alongside our other critical year-end performance indicators, including our Rate of return from maternity and People Engagement Index.

56% Female Colleagues of our people believe that PwC is an inclusive work

58% Inclusion Index Score





# Legal and organisational structure

PricewaterhouseCoopers Limited (PwC Cyprus) is a limited liability private company, that 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.

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 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

PwC is a global network of separate firms, operating locally in countries around the world. PwC firms are members of PwCIL and have the right to use the PricewaterhouseCoopers name. As members of the PwC network, PwC firms agree to abide to certain common policies, maintain the standards of the PwC network; and share knowledge, skills and resources.

#### 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**

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

PwC Cyprus governance structure

#### **Board of Directors**

Responsible for undertaking statutory duties of the firm

#### Management Board

Responsible to assist the CEO in the implementation of strategic priorities, Network obligations and an effective quality control system

#### Oversight Board

Responsible to oversee the activities of the Management Board (MB), hold management accountable to partners, monitor its decisions and actions and provide advice where necessary.

#### **Management Board**



Liakos M Theodorou Head of Assurance



Theo C Parperis



Evgenios C Evgeniou CEO



Philippos C Soseilos Head of People



Marios S Andreou Head of International Markets

#### Oversight Board



George M Loizou International Private Clients



Tasos N Nolas



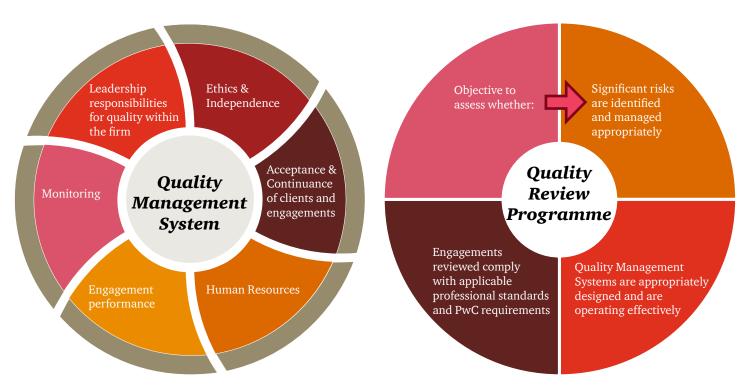
Aram A Tavitian



Nicos A Theodoulou

#### **Quality Management System**

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



The PwC network also monitors the firm's compliance with network quality expectations and evaluates the effectiveness of the firm's quality management system. Our quality management system for Assurance services – that is based on ISQC1- is also subject to review by the local

regulator the Cyprus Public Audit Oversight Board.

On the basis of the internal, PwC Network, and local regulatory compliance monitoring reviews, the Management Board is satisfied that quality management system of the

firm is operating effectively. Any matters identified through the review process are actioned as appropriate.

#### **Ethics & Independence**

The PwC culture thrives supported by a framework of internal and external expectations and requirements.

These help guide our behaviours and build trust:

- in how we do business
- with each other
- in our communities
- in how we use information

#### Independence

Being objective is a cornerstone value in our profession. It is imperative to maintain our independence in everything we do.

The PwC Global Independence Policy (GIP), is based on the IESBA Code of Ethics and outlines the 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 GIP is supplemented with US, EU and other applicable rules.

#### Conflicts of interest

Relevant relationships, potential conflicts of interest and other sensitive situations are identified before accepting a new client or engagement.

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.

#### Anti-corruption

Compliance with anticorruption initiatives is part and parcel of our culture.

Our Code of Conduct, the PwC Network Standard on Anti-Corruption, 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 corruption are in place to comply with the above rules and regulations.

#### Confidentiality and Data Protetcion

Data protection and information security are key elements of our professional responsibilities.

We implement policies and procedures and compliance monitoring reviews 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.

When working with our clients and our colleagues to build trust in society and solve important problems, we...



Act with integrity



Make a difference



We care



Work together



Reimagine the possible

Our *Values* help us work towards our *Purpose* of building trust in society and solving important problems.

The trust that our clients, communities and our people place in PwC, and our high standards of ethical behaviour, are fundamental to everything we do. Our values underpin our *Code of Conduct* which is our frame of reference for the decisions we make every day. It's how we do business.



#### Complaints & Allegations Policy

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.

Any Partner or staff member who observes unethical behaviour has a responsibility to report it to any member of the Complaints and Allegations reporting team. Our firm has procedures in place to:

- protect individuals raising a concern against retaliation
- enable anonymous reporting

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.

# Corporate (\*\*) Responsibility



Androulla S Pittas

In charge of Corporate Responsibility

# Corporate Responsibility

Through Corporate Responsibility we're on a journey to make every decision, every day, count - towards a sustainable future.

Our Corporate Responsibility strategy is central to delivering our purpose – to build trust in society and solve important problems - and is based around two key principles:

- 1) Being a catalyst for change and
- 2) Doing the right thing

Using our knowledge, skills, voice, and relationships to work with others and become "part of the solution" through activities we can make a difference and create value for us and for our stakeholders.

We focus on 3 key areas:

- community engagement
- responsible business
- environmental stewardship

#### Community engagement

Through leveraging our people's skills and experience we want to help create sustainable enterprising economies in the places where we operate. Our programs are designed to maximise our impact in the community and we utilise our professional skills in a way that fits with our business goals.

We will do this through investing in **Education**, **Be Well**, **WorkWell**, **Supporting families and Fostering Entrepreneurship**.



We sponsored three awards to top performing students of the University of Cyprus and another three to top performing students from different education institutes (Frederick University, The Senior School, KES College).

#### Be Well, Work Well

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.

During FY18, we organised numerous "Be Well, Work Well" activities, such as our "Annual Christmas Party" event, featuring the popular singer Tampta and the "Melisses" band, a "Yoga Day at Work" session, as well as a "Quick and healthy meals" cooking presentation, coupled with our daily offering of complimentary fresh fruit in all our offices.



As part of our contribution towards the wider community, we held the "Be a Superhero this Christmas!" event, where our colleagues contributed presents, dressed up as popular children's Superheroes and delivered them to hospitalised children of the "Archbishop Makarios III Children's Hospital" in Nicosia and to "Special school Evangelismos"





In addition, we organised a fundraising event in all our offices to support "TELETHON 2018".



In FY18, our "Classic & Sports Car" (CSC) Club participated in the "48-Hour Charity Rally", which was organised by "The Cyprus Federation of Classic Vehicles" in cooperation with the "Bank of Cyprus", in aid of the "Cyprus Anticancer Society", as well as organised fun road trips in Ayia Napa and Paphos.





Our People actively supported the "2018 Limassol Marathon" with a team of more than 207 colleagues, with excellent corporate and individual results.

Colleagues, friends and clients joined PwC's team and honoured our firm by achieving 12th place in the Corporate Race (5Km) general ranking, out of 205 participating teams.



We also launched a new "Outdoor Activities" club for all colleagues who have an appetite for adventure and a passion for the outdoors.

Several events were organised during the year, including hiking and cycling activities, a visit to an Adventure Park as well as a beach party.



#### Supporting families

#### Mana kindergarten

Children from "Mana" Kindergarten have created Christmas drawings for the 5th consecutive year exclusively for PwC Cyprus, which have been transformed in digital Christmas e-cards to be sent to our clients and associates.

#### Easter Bazaar

We organised for fourth consecutive year the PwC Bazaar in our offices in Nicosia and Limassol. Eight volunteering teams participated in the bazaar offering their revenue to the charity of their preference such as: "One dream, one Wish", Children's home in Nicosia, Children's home in Limassol, Rea Foundation, Pediatric Oncology Archibishop Makarios III Hospital" and to the "Pancyprian Volunteering Coordinating Council".



#### Foster Entrepreneurship

At PwC Cyprus, we are fostering an entrepreneurial culture, supporting young entrepreneurship and startups and strengthening research & innovation.

In collaboration with leading academic and business stakeholders to support such initiatives we aim to provide young people with opportunities to develop their ideas that could lead to the creation of an innovative and knowledge-based economy.

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

#### Junior Achievement



We supported the "Company of the Year" competition for the fourth consecutive year. Organised by Junior Achievement Cyprus, the competition gives students aged 15-18 the opportunity to learn in practice how a business idea is implemented and how a company operates and develops.

During the final of the school competition the "Company of the Year" award went to team Fiji Fertiliser which was mentored by a PwC member. The team represented Cyprus in the Europe Company of the Year Competition in Belgrade, Serbia in July. In addition the EcoHang team was awarded with the "Best Communication Strategy" award by our CEO on behalf of PwC.

It is worth noting that PwC participated as a supporter in the school competition throughout its duration, with educational seminars and a trade fair to teachers and teams, professional coaching sessions and the volunteer actions of its people providing substantial help to participating teams. More specifically, 16 members of the organisation took part in the programme as team mentors, offering support and guidance as they worked on developing the top student company of the year.

#### Chrysalis LEAP



PwC Cyprus is a strategic partner of Chrysalis LEAP, supporting ClimateLaunchpad which is an initiative of international reach that aims to promote green tech and provide support to startup entrepreneurs in the sector to develop their ideas and ensure the viability of their companies.

This year we were also the exclusive Platinum Sponsor of the Global Grand Final of the competition for green tech business ideas ClimateLaunchpad that was held in Cyprus for the first time. The competition hosted 105 startups from 35 countries during a two-day event, attracting more than 400 people amongst which businessmen, investors, researchers and entrepreneurs from all over the world. The competition's winning teams secured access to the green start-ups accelerator programme and to additional funding.

We provided practical assistance throughout the competition with our employees volunteering for the smooth organisation of the event. Prior to this, four PwC volunteers took part in a two-day boot camp at Governor's Beach in June, offering useful advice and guidance, while the national final of the competition was hosted at the organisation's offices in Nicosia.



#### **University of Cyprus**



In the framework of our longstanding cooperation with the University of Cyprus, we supported the 3rd Innovation and Entrepreneurship Forum (IEF2017) in November, under the theme "Research Commercialisation & Innovative Start-ups".

The Forum was organised by the University of Cyprus' Centre for Entrepreneurship (C4E) and the non-profit organisation The Hellenic Initiative (THI) of the Greek Diaspora, in cooperation with the support of PwC Cyprus, MIT Enterprise Forum Greece (MITEF Greece) and the US Embassy in Cyprus. A competition took place as part of the Forum between start-ups and research teams, offering them the opportunity to present their ideas to a panel of judges consisting of experienced assessors, successful entrepreneurs and investors from abroad.

A Panel Discussion also took place during the Forum on the "Key factors for successful commercialisation" stressing out the importance of properly utilising the results of research activity in business in order to boost the competitiveness of the Cyprus economy.

#### RISE

PwC is a strategic partner of RISE "Research centre on Interactive Media, Smart Systems and Emerging Technologies", aiming to become a Centre of Excellence and a hub across the three continents bordering Cyprus, facilitating thus the local scientific, technological, and economic growth of the region. It identifies the potential of Interactive Media to bring together several scientific areas, yielding applications in the priority areas of the Smart Specialisation Strategy of Cyprus.

RISE is a consortium of the Municipality of Nicosia, as a project coordinator, the University of Cyprus, the Cyprus University of Technology and the Open University Cyprus. The Advanced Partners of RISE are the Max Planck Institute for Informatics (Germany) and the University College London (UK).

The aim is to connect local authorities. businesses and Cypriot citizens with the scientific partners, enabling RISE to act as an innovation catalyst both nationally and internationally. The consortium has secured funding through a competitive process under the "Teaming for Excellence" which is part of the European Union (EU) Horizon 2020 Framework for Research and Innovation.

#### **Responsible Business**

To us, being a responsible business means managing our operations with ethics and integrity and recognising that our responsibilities extend into our value chain. But its more than that - we understand that the most significant societal contribution we make is through the work we do every day.

## 10th Corporate Social Responsibility (CSR) conference



The 10th Corporate Social Responsibility (CSR) conference was organised in July 2017 by IMH giving to businesses the opportunity to learn about the benefits of applying corporate responsibility through innovative practices. In the context of the conference, honorary awards were presented to 10 companies that have demonstrated their practical involvement at the CSR Conference and are pioneers in the field. PwC Cyprus was recognised and received an award for our programs and practices as well as for our achievements in Corporate Responsibility.

## ISO 37001 - Anti-Bribery management systems



PwC Cyprus sponsored the conference titled "ISO 37001 - Anti-Bribery management systems" organised by the Cyprus Organisation for Standardisation (CYS) which took place in September 2017, at the Bank of Cyprus headquarters in Nicosia.

"Europe on the move - Cyprus in the fast lane?" - Economist conference



PwC Cyprus was yet again the premium gold sponsor of the 13th Cyprus Summit organised by The Economist, entitled "Europe on the move - Cyprus in the fast lane?". This year's summit included discussions around the aftermath of crucial elections throughout Europe, Brexit and its implications, America's new foreign policy and recent geopolitical developments as well as discussions about Cyprus being an energy investment hub in Eastern Mediterranean. The summit was addressed by the President of the Republic, Mr Nicos Anastasiades.

#### **Quality Conference**



The annual Quality Conference took place for the 8th consecutive year and was organised by the Cyprus Association of Quality, member of OEB, with the support of Hellenic Bank, PwC and Swiss Approval. The message of this years' Conference was "Quality, always and everywhere" in politics, in our economy, in businesses, in our personal and family environment, in every action and thought, for the good of all, in an effort of continuous improvement.

#### 16th Leadership and Human Resource Management Conference



The 16th Leadership and Human Resource Management Conference that was organised by PwC Cyprus and IMH, gathered many human resource professionals, general managers and managers from all sectors of economic activity. The participants had the opportunity to get updated with all important issues in relation to the concerns raised in the modern and rapidly evolving corporate environment, from international speakers.

#### **Business Direction Cyprus conference**



PwC Cyprus sponsored the Business Direction Cyprus conference titled "Cyprus as a Centre of Financial & Legal Services and Property Investment" which took place in London.

#### Cyprus Anti-Fraud Conference



The "Cyprus Anti-Fraud Conference" aim is to help contribute to a healthier business ecosystem by improving trust, transparency and accountability by creating a common knowledge base and promoting the development of a culture of cooperation and communication.

The conference supported by PwC consisted of international speakers who discussed the latest developments in the field, sharing their views on modern fraud avoidance techniques and presenting recent case studies of successful anti-fraud practices.

#### PwC presented findings of its 7th local CEO survey



CEOs of companies operating in Cyprus are optimistic about the growth prospects of their companies as well as that of the global economy, according to the findings of PwC's 21st Annual Global CEO Survey.

This year's survey, entitled "The Anxious Optimist in the Corner Office", saw the participation of almost 1,300 CEOs in 85 countries. PwC Cyprus carried out the local survey for the 7th consecutive year, with the participation of 67 CEOs in Cyprus.



#### 1st Business Ethos Awards



As part of our effort to support Cypriot businesses, PwC Cyprus supported the 1st Business Ethos Awards, which were organised by the Cyprus Chamber of Commerce and Industry (CCCI) and the Cyprus Integrity Forum.

The aim of the awards is to promote transparency and integrity in the business sector, but also to recognise and reward the efforts made by businesses to eradicate corruption. The ceremony 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.

### 3rd Cyprus Internal Audit Forum 2018

PwC Cyprus sponsored the 3rd Cyprus Internal Audit Forum 2018 titled "Audit Challenges and Dilemmas" which looked at important issues and topics relating to the work of the Internal Auditor. Distinguished speakers from Cyprus and abroad analysed subjects such as: "The Changing Face of Internal Audit in Europe", "Today's applications of Analytics in Internal Audit", "Audit Dilemmas and Audit Transformation", "New expectations from Audit Committees", "Effective Communication in Internal Audit" and many more.

#### "International Conference on Compliance: Issues, Concerns and Future Directions"



PwC supported the "International Conference on Compliance: Issues, Concerns and Future Directions" that was organised by the Cyprus University of Technology.

The conference attracted more than 250 people and addressed a number of key issues at the epicenter of compliance as the profession that is fast becoming a challenging one. Speakers at the conference were esteemed guests from abroad and authorities in their respective fields who addressed a broad range of key issues in compliance.

#### Invest Cyprus CIPA International Investment Awards



PwC presented the 7th ceremony of the Invest Cyprus CIPA International Investment Awards, which attracted some 500 prominent business people, investors, politicians as well as representatives of the academic community. The aim of the event was 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 Eurobank.

The winners of the 2018 CIPA International Investment Awards are: DP World, Arab Satellite Communications Organization (ArabSat), Eurobank, Olympia Group, Uniteam Marine Ltd, ExxonMobil. The council of Europe Development Bank has received the honorary award.

#### **Environmental stewardship**

Our Firm seeks excellence in every aspect of business and is committed to minimise the environmental impacts of its business activities. We recognise our environmental responsibilities and are highly committed to integrate environmental management best practices into our daily business operations, thus continually improving our environmental performance. Our three year environmental management plan (FY16 - FY18) focussed on significantly reducing our energy and water consumption as well as managing the waste streams we produce in a sustainable way. In FY19, following our annual environmental review, where we assess our environmental aspects and impacts, we will develop, implement and continually monitor our new three year environmental management plan (FY19 - FY21).



#### Energy efficiency - reduction of our carbon footprint

Following the completion of a number of significant infrastructure changes between FY16 and FY18, the Firm has achieved great energy efficiencies and reduction of its carbon footprint. These changes are presented in the diagram below. More specifically, through the use of energy efficient and eco-friendly technologies and equipment as well as a more effective use of our office space, the total electricity reduction and respective reduction in CO2 emissions (Scope 2 emissions calculation) was 15.8% in FY17 in comparison to FY16. We considered FY18 as a consolidation year, therefore we targeted our electricity consumption to be the same as in FY17 and this target has been achieved.

In addition, our Operations department examined the proposed technical solutions of the Energy Audit that was completed in FY17.

- 1. Construction of PwC Central and move in FY16
- Replacement of Firm's motorcycles in FY16
- 3. Reduction of our buildings from 5 to 4 in FY16
- 4. Construction of new parking lots in FY16
- 5. Renovation of City House Limassol in FY17
- 6. Renovation of Julia House ground floor FY18

According to the suggested technical solutions our buildings are categorised as very efficient in regards to energy usage, hence we will not implement any additional measures at the moment. However, we will continue to monitor our consumptions and have targets to maintain them at the same level.

Main changes for the period FY16 - FY18

#### Reduction of waste

In FY17 the Firm had replaced the majority of its printing paper with recycled one and achieved its target of a 50% replacement (FY18 in comparison to FY17). Our main aim was the conservation of natural resources, saving energy and the reduction of greenhouse gas emissions. Nevertheless, the reduction in printing in general and the recycling of used toner cartridges are still a priority. Currently, in all our premises, there is a waste recycling system, separating PMD and paper on every floor while the collection of used batteries, lamps, electronic equipment and scrap metals is managed centrally by the Operations department.

Moreover, the Firm provides at all refreshment hubs in its premises, recyclable cups for drinking purposes. Currently, Operations is reviewing and implementing measures to further reduce the production of waste.

#### **Environmental awareness**

Engaging our staff in our environmental activities is considered a top priority in effectively managing our environmental impacts and promote sustainability. In FY18 we continued to enhance the environmental culture of our people through the use of different mechanisms such as illustration of 3Rs on our recyclable cups to promote their sustainable use and management and provision of 'Bags for Life', as this year's Christmas gift with a brief explanation on the reasoning behind the selection and key facts. In addition, we organised a cleaning campaign at PwC Central to promote environmental and health & safety workplace best practices.

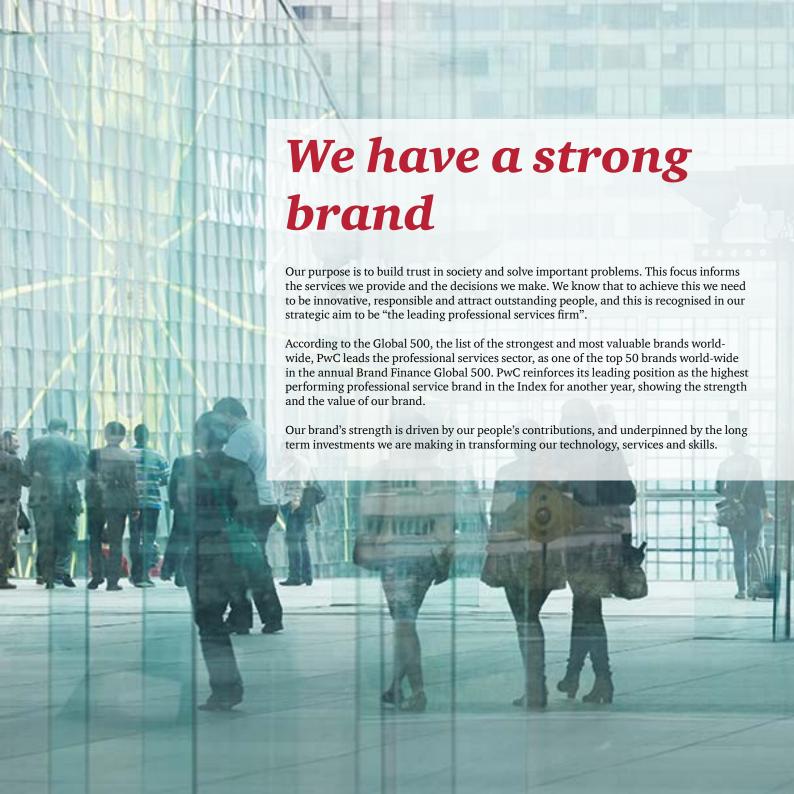
The aim of our environmental awareness practices is to highlight environmentally friendly practices that can be implemented throughout the workplace.

#### **Impact Measure**

In FY18, the Firm has used, for the second time since FY15, the unique Total Impact Measurement and Management (TIMM) framework, developed by PwC UK in order to quantify, monetise and report on its economic, tax, social and environmental impacts. Our TIMM impact report for FY18, is included within our Annual Review.

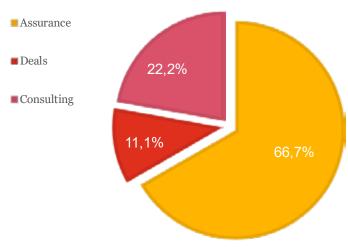
#### Our sustainability programme

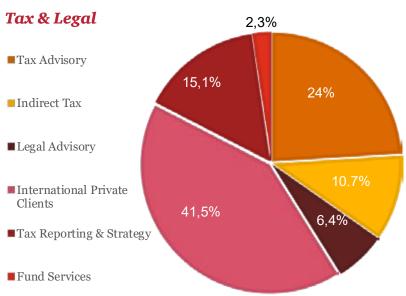
In FY19, the Operations department will continue to Energy efficiency monitor its energy consumption and maintain it at - reduction of our the same level in comparison to FY18. In addition, we aim to reduce our carbon footprint by reducing our carbon footprint overall Scope 1, 2 & 3 emissions. Water usage Professional services reduction Reduction of Professional training programmes waste Environmental Professional services



# **Financials**

#### Assurance & Advisory





## €80m net revenues



#### Assurance

Our Assurance practice net revenues decreased by **9,4%** to **€21,1m** from €23,3m in FY17.



#### Tax Advisory

Our Tax Advisory practice achieved net revenues of **€11,6m**, an increase of 6,4% compared to FY17 of €10.9m.



#### Tax Reporting & Strategy

Our Tax Reporting & Strategy practice achieved net revenues of  $\mathbf{\epsilon 7.3m}$ , a decrease of 7,6% compared to FY17 of €7,9m.



#### **Deals**

Our Deals practice net revenues increased by 40% to **€3,5m** from €2,5m in FY17.



#### **International Private Clients**

**Our International Private Clients** practice achieved net revenues of **€20,1m**, a decrease of **3,4%** compared to FY17 of €20,8m.



#### Legal Advisory

Our Legal Advisory practice achieved net revenues of €3,1m, an increase of **29,2%** compared to FY17 of €2,4m.



#### **Consulting**

Our Consulting practice achieved net revenues of **€7m**, an increase of **37.3%** compared to FY17 of €5,1m.



#### **Indirect Tax**

Our Indirect Tax practice achieved net revenues of **€5,2m** being an increase of 13% compared to FY17 of €4,6m.



#### **Fund Services**

Our newly formed Fund Services practice achieved net revenues of **€1,1***m* an increase of **266,7%** compared to FY17 of €0,3m.





#### **Provident Funds**

The firm maintains a Partners and Directors Provident Fund and a Personnel Provident Fund (the Funds). As at 30 June 2018 the Funds which are defined contribution schemes had a total of 758 members (30 June 2017: 730). In FY18 the two Funds received contributions of €2,9m (FY17: €3,0m), had net assets at 31 December 2017 of €36,5m, (31 December 2016: €36,3m) and net income for the year ended 31 December 2017 of €0,5m (31 December 2016: €0,5m).



#### **Operating Costs**

Total costs have increased by **3,5%** with staff costs recording a **1%** increase over the prior year. Other operating costs have increased by **10%**.



#### 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  $\mathbf{\epsilon 1,2m}$  (FY17:  $\mathbf{\epsilon 2,5m}$ ) was expended mostly on computer hardware and software, leasehold improvements and office furniture.



#### **Total Tax Contribution**

State revenues from the firm emanate from payments of direct and indirect taxes as well as social insurance contributions. The firm's partners and staff paid €11,7m (FY17: €12,5m) in direct taxes and social insurance contributions. Further to this, the firm paid €11,9m (FY17: €11,5m) in VAT, and €3,6m (FY17: €3,7m) in social insurance contributions.



#### **Working Capital**

The average number of credit days outstanding for trade debtors for this year was **68** (FY17: 68). 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 **5** days (FY17: 6 days).



#### **Creditors**

Creditors are paid promptly with the average number of days between receiving and settling the invoice for FY18 to be **31** days (FY17: 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 FY18, as compared to the available bank facilities of €12,1m.



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

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