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# *Transparency Report*

for the year ended 31 December 2014



**pwc**

This report is published in accordance with the requirements of Article 54 of the Law on Capital Markets (RS Official Gazette No. 31/2011), Article 2 of the Rulebook on Auditing Financial Statements of Public Companies (RS Official Gazette No. 114/2013) and Article 20 of the Law on Auditing (RS Official Gazette No. 62/2013).

# Legal form, Ownership and Network Arrangements

PricewaterhouseCoopers d.o.o. Beograd is represented by Biljana Bogovac, Director

PricewaterhouseCoopers d.o.o. Beograd Beograd is a limited company owned 51% by PricewaterhouseCoopers Polska Sp ZOO, registered in Poland, and 49% by PricewaterhouseCoopers Eastern Europe B.V., registered in the Netherlands. This entity is ultimately owned by the partners of PricewaterhouseCoopers in our Central and Eastern European firms. PricewaterhouseCoopers d.o.o. Beograd, together with other PwC firms across the world, is a member of PricewaterhouseCoopers International Limited ("PwC International"), a limited liability company registered in England. PwC International provides an international network structure for PwC member firms. PricewaterhouseCoopers International does not provide services to clients.

PricewaterhouseCoopers International's primary activities are to identify broad market opportunities and develop associated strategies; strengthen PwC's internal product, skill, and knowledge networks; promote the PwC brand; and develop and work for the consistent application of common risk and quality standards by member firms, including compliance with independence standards.

Member firms of PwC International do not act as agents of PwC International in providing services to clients or otherwise, and PwC International does not act as the agent of its member firms. PwC International has no right or ability to control any member firm's exercise of professional judgement. PwC International does not have any liability for the acts or omissions of any member firm.

Each member firm is a separate legal entity. PricewaterhouseCoopers d.o.o. Beograd cooperates with other Central and Eastern European member firms to provide services to local and mutual international clients operating in our region. This cooperation is organised through a regional management team which, in addition to ensuring the adherence of regional firms to the policies and procedures of PwC International, enables resource sharing, the enforcement of risk management policies and quality standards.

Each national member firm also has its own local management structure in place in accordance with relevant legal and operational requirements. This legal structure and network arrangement gives each member firm the flexibility and autonomy to respond quickly and effectively to conditions in its local market. It also reflects the fact that regulatory authorities in most countries grant the right to practise as auditors to nationally based firms in which locally qualified professional auditors (or in the European Union a combination of auditors and or EU audit firms) have at least a majority ownership and control.

When a member firm becomes a member of PricewaterhouseCoopers International and joins the global network, it acquires the right to use the PricewaterhouseCoopers/PwC names and gain ready access to the network's shared resources, methodologies, knowledge and expertise. In return, each firm commits to abide by a set of common policies and maintain quality standards which are approved by the Board of PwC International.

The global network of PwC creates a platform on which member firms share knowledge, skills and resources in order to deliver services of a consistently high standard to clients across the world. In every country our firms are supported by shared methodologies, knowledge bases, technology, as well as by access to highly specialist expertise and thought leadership.

Each PwC member firm engages in quality control and compliance monitoring activities covering the provision of services, ethics, business conduct and independence.

PricewaterhouseCoopers Consulting d.o.o., Beograd, a consulting services company, is a related company of PricewaterhouseCoopers d.o.o.

## ***Governance***

Within the Central and Eastern European grouping of PwC member firms, which includes 30 national territories, a matrix system of management is operated.

Each partner votes in a 4 yearly election of a Chief Executive who appoints a Management Board comprising of a mixture of territory Chief Executives and Operational leaders from functional and business lines. This Board is responsible for setting broad business objectives and ensuring compliance with PwC International policies.

Across geographical lines the policy and business objectives of each principal business line (assurance, taxation, legal and advisory) are set by the business line management team.

Oversight of the Regional Management Board on behalf of the partners is carried out through an elected regional Partners Council which cooperates closely with the Management Board, approving key policies and decisions which affect partners and the firm.

## ***Internal Quality Control System and Statement of Effectiveness***

As a member firm of PwC International we are obliged to abide by the common risk and quality standards approved by the organisation. These standards are supplemented by local legal requirements and the professional quality standards prescribed by the Law on Accounting and Auditing, the Code of Ethics for Professional Accountants and the methodology prescribed by the Chamber of Certified Auditors of the Republic of Serbia.

Our detailed quality control procedures are set out in our audit policy manuals.

The following summarises the key policies, attitudes, behaviours and actions which ensure that we maintain a consistently high level of audit quality:

## ***Quality Control Standards***

PwC International member firms are required by internal policies, global Generally Accepted Auditing Standards and the Law on accounting and auditing of Republic of Serbia to enforce a system of quality controls over our auditing practices.

Our quality control system is in full compliance with the requirements of the International Federation of Accountants ("IFAC") and the standards set down in the text below prescribed by the Law on Auditing, the Code of Ethics for Professional Accountants and the methodology prescribed by the Chamber of Certified Auditors of the Republic of Serbia.

PricewaterhouseCoopers d.o.o. regularly applies the quality control system in daily operations.

As of 15 June 2005, the International Standard on Quality Control 1 (ISQC 1), published by IFAC is applicable to companies providing auditing services as well as audits of financial statements for prior periods.

This standard sets out the required elements of the quality control system which should operate in an audit firm.

The requirements cover:

- Leadership responsibilities for quality within the firm
- Ethical Requirements
- Procedures for acceptance and continuance of client relationships and specific engagements
- Human Resources
- Engagement Performance
- Monitoring

PricewaterhouseCoopers d.o.o. Beograd addresses these requirements in the following way:

## **Leadership Responsibilities for Quality within the Firm**

**Tone at the Top:** Our Serbian and regional leadership is committed to taking all actions required to ensure that PwC continues to stand for quality, independence, objectivity and ethical behaviour. The firm's leadership regularly sends communications to partners that include an emphasis on the importance of "standing firm on quality". The same messages are contained in regular leadership communications to all staff members. Equally important is leadership's regular communications that alert our partners and staff about new standards and related guidance to assist them in providing high-quality service to our clients. Communications from the top take every relevant opportunity to emphasize the importance of maintaining quality standards on a daily basis. Our leadership team demonstrates by its behaviours that it firmly believes in our quality assurance objectives and systems. This is evidenced by the appointment of partners responsible for independence, risk management and audit quality who report directly to a regional or to our Country Managing Partner. These partners are individuals of experience and stature who consult and if necessary instruct client service partners on risk and quality matters.

## **Ethical requirements**

### **Integrity and objectivity**

The reputation and success of PricewaterhouseCoopers d.o.o.

Beograd depends on the professionalism and integrity of each and every partner and employee.

All PwC International Member Firms, partners and professional staff are required to comply with PwC International ethical standards.

Those standards demand that our people act with integrity, objectivity; competence and due care; and that they respect confidentiality and behave in a professional manner. Our ethical standards comply fully with the IFAC Code of Ethics and are contained in PwC "Code of Conduct" (the "Code"). The Code is issued to all partners and staff members on joining the firm. Among other things the code contains a "framework for ethical decision making" which our people are required to use as basis for determining their professional behaviour. Partners and staff are expected to live by the values expressed in the Code in the course of their careers with PwC and are tested on their knowledge of the Code.

Supervision over ethical matters is carried out by a regional Ethics Leader and each country practise has a partner who is local Business Conduct Leader.

The Business Conduct Leader leads on ethical matters locally and is responsible for ensuring that we comply with all applicable ethical standards. Each office has access to the detailed ethical policies which supplement our Code of Conduct. These policies include guidance on such matters as the receipt of gifts from clients and how staff should proceed if they become aware of unethical behaviour by any partner or employee. Partners and staff may submit anonymous queries to their local Business Conduct Leader about ethical issues and correct procedure in particular circumstances. The anonymous communication channel can be accessed from the PricewaterhouseCoopers website. It also enables third parties to submit allegations of unethical behaviour by PwC partners and staff to Business Conduct Leaders. A library of ethics related questions and answers is maintained and accessible for staff.

Business Conduct Leaders are obliged to investigate all complaints and allegations and to ensure appropriate measures are taken to prevent any reprisals against those reporting breaches of ethical conduct.

IFAC and PricewaterhouseCoopers standards are supplemented with the Independence and Ethical requirements of Articles 40 and 45 of the Law on Auditing of Republic of Serbia. The ISQC1 framework covers the question of Independence in the ethics guidance section.

We refer to it in a separate section of this report.

### **Independence**

PricewaterhouseCoopers d.o.o. Beograd has adopted PwC Global Independence Policies and related rules regarding independence and compliance, complemented where necessary by more restrictive local professional and regulatory rules. PricewaterhouseCoopers d.o.o. Beograd strictly monitors compliance with regulatory, professional and PwC independence requirements related to financial interests in clients and business and service relationships with them.

Further information on the procedures we enforce to maintain our independence is set out in the Independence Practices of PricewaterhouseCoopers d.o.o. Beograd section of this report.

## ***Client acceptance and retention***

PricewaterhouseCoopers d.o.o. has implemented a process to identify acceptable clients based on the propriety PwC International decision support system for client acceptance and retention (“Acceptance and Continuance – “A&C”).

The system involves a determination by the engagement team, business management, industry experts and risk management professionals of whether the risks related to an existing client or a potential client are manageable, and whether or not we should be associated with the particular company and its management. Among the issues that we consider during the course of the A&C process are:

- The reputation of the company and its management
- The effectiveness of its Board
- The background and experience of the client’s financial reporting personnel
- Any incentives or inclinations for management to manipulate reported results
- Any significant transactions structured to achieve revenue recognition
- Any unusually aggressive or creative accounting
- Any transactions which are complex, unusual or difficult to evaluate
- Any estimates that involve uncertainty or subjective judgements
- Any transactions with related parties that are not part of the consolidated group
- Any indications that the company might be in financial difficulty
- The expertise necessary to carry out a particular engagement

A&C is a powerful enabler but the real backbone of our client acceptance and continuance process is the significant time invested by our risk management partners.

As discussed more fully in the Engagement Performance section below, our risk management partners are senior partners with stature and independence who provide key input into the decision to accept or continue a client relationship.

Upon acceptance or retention of the client, the results of these assessments are incorporated into our audit process, impacting for example the scope of work and assignment of resources. We decline to propose, accept, or retain work when the risks are considered not to be manageable, when the company will not agree on the scope of the work required or the fee arrangement is otherwise unacceptable.

## ***Human resources***

**Hiring:** We maintain stringent hiring standards for both entry-level and experienced recruits, which include assessment not only of each individual’s school/academic records but also interviews, background checks, and references. We also assess the quality of those people we hire from colleges and universities, ensuring that we focus our recruiting efforts on those institutions that have a track record of graduating high-quality people who do well in our profession.

**Professional development:** Training is an ongoing process. Training starts when a person is hired and continues throughout his or her career. Our people participate in a variety of local and national formal training courses and are also trained continuously on the job. Both the broad core competencies in accounting, auditing and independence and the specialized areas in which they work (a specific industry) are addressed. Our partners also receive continuous training, development and education, and they are an integral part of the on-the-job training of our staff. A key partner responsibility is to work with all staff members: coaching, reviewing, training, sharing experience and setting an example for the professionals on their teams.

PricewaterhouseCoopers d.o.o. Beograd has established an environment in which our people are personally responsible for their own development over the course of their careers and, to that end, we have developed broad course offerings and tools to help our people tailor a personalized training curriculum to match their roles and responsibilities with the unique aspects of the clients they serve. In addition to attendance at self-elected training, partners and staff are required to participate in courses which the firm considers to be fundamental to their ability to perform their jobs within the appropriate technical and ethical frameworks. The Firm also ensures compliance with professional standards on the periodic amount and type of continuing professional education required. Our learning and education programs are continually updated to ensure that they provide our people with the development, skills and experiences they need as client service professionals.

**Supervision and direction:** Each engagement partner is responsible, in consultation with others as necessary, for ensuring that partners and staff assigned to the engagement have the professional competence and experience required in the circumstances. Furthermore, on the engagement they are ultimately responsible for determining the extent of direction, supervision and review of the work of more junior staff to whom work is delegated.

**Advancement:** Partner and staff performance is evaluated annually through a review process that includes peers, subordinates and superiors.

Partners and client service staff are recognized and rewarded for performing as good, well-rounded accountants and auditors. Our performance evaluation and compensation processes have been aligned to address the rules prohibiting a partner from being compensated or evaluated on the basis of their success in selling non-audit services to their audit clients. We also encourage, recognize and reward teamwork. Staff are provided with formal performance feedback for each project where they spend 80 or more hours. All staff are formally evaluated at least annually with input from partners and superiors with whom they have worked on an engagement. Additionally, our audit methodology provides built-in opportunities for informal feedback and coaching throughout an engagement. Our methodology is designed to ensure both quality work product and continued development of our people. All of this leads into an annual assessment of how well each of our people has performed relative to our values, the goals each has set for the year and their peers. Our staff move up in their careers only when they are ready for the next level of responsibility.

Following individual annual performance reviews and assessments a moderation process involving senior staff is carried out to ensure that staff assessments are consistent and that advancements are justified.

All staff and partners are subject at least annually to anonymous upward feedback from others who report to them on all aspects of their overall performance

– how they relate to staff and clients, their strengths and weaknesses. When individual weaknesses are consistently identified, the partner or staff member concerned is given counselling support to training to enable the weakness to be eliminated.

The firm also carries out semi-annually a Global People Survey where staff are asked for their views on a wide range of topics which affect them. Management take the results of the survey very seriously and a formal process of addressing the issues identified is undertaken with the direction of the Firm .

## **Engagement Performance**

**Consistent Global Audit Methodology:** We, in conjunction with other PricewaterhouseCoopers firms on a global basis, use a unique audit methodology and process for all audit engagements to ensure uniformity and consistency in approach. The methodology is enhanced as necessary to respond to the changing environment. All partners and staff receive on-going training in this methodology. Our methodology is sufficiently flexible to allow the incorporation of any additional procedures which may be required by local regulations.

**Comprehensive Policies and Procedures** We have comprehensive policies and procedures governing our accounting and auditing practice that are constantly updated to reflect new professional developments and our local operating environment, and to address emerging issues, as well as the needs and concerns of the practice. These policies cover not only professional and regulatory standards, but also reflect the guidance that we provide to our professionals about how best to implement them. They are available in electronic files and databases, regularly updated or supplemented for all current developments and accessible to our people remotely at any time.

**Engagement-Specific Quality Controls:** There are a number of other quality control procedures that are performed specifically with respect to a particular engagement. For example, on all of our publicly listed clients and a wide range of other entities, including corporations and certain public or state bodies, regarded as being significant due to their size, complexity, industry or high public profile, we appoint an independent quality review partner (“QRP”) who discusses all significant issues with the engagement partner and who is responsible for independently assessing the audit plan, its execution, the resolution of significant issues, the financial statements and disclosures and the appropriateness of the Firm's report. Specific criteria are set forth in PwC's policies to ensure that the assigned QRP has the appropriate level of experience and industry expertise to perform that role.

Our policies also require consultations with firm-wide technical experts and industry specialists for specified transactions and circumstances that may involve the application of significant judgement. Finally, our "consultative culture", which is discussed further below, means that our engagement teams regularly have consultations with such experts and others beyond those that are formally required.

Engagement partners on each public interest entity audit client are rotated on a cyclical basis. In accordance with Article 54, paragraph 1 of the Law on Capital Market of the Republic of Serbia, partners responsible for the audit of public interest entities are rotated on a 5 year basis. In the case of low risk and smaller clients, partners are rotated up to a maximum of 7 years to ensure a fresh look without sacrificing institutional knowledge about the client. In accordance with the requirements of the USA Security Exchange Commission, engagement partners are rotated on a 5 year basis. In accordance with the Law on Capital Markets, clients subject to the requirements of this Law are rotated on a 5 year basis.

Furthermore, the PwC Global Audit Methodology is built on the principle that work performed by each member of the engagement team is reviewed by another member of the team of at least equal competence to consider whether the work has been performed as intended, competently, and to ensure that the correct conclusions have been drawn.

**Accounting and Auditing Resources:** Consultation is a key element of quality control in our Firm. Our Accounting Technical group is staffed by partners and staff who are experts in accounting and auditing. If an engagement partner disagrees with the advice provided by our technical experts, we have a formal process for continuing the discussion within our chain-of-command until the matter is resolved with due regard for the view of such technical experts.

With the wider introduction of International Financial Reporting Standards as approved for use in the EU (IFRS) we have set up a system to ensure that our clients' financial statements are evaluated by our audit teams in a way that is consistent and in accordance with the full intent of the Standards.

The key element of the system is the review work carried out independently by our regional Accounting Consulting Services team (“ACS”) which is geographically located throughout CEE/CIS. Depending on the complexity and risk associated with particular industry sectors, client size and listed/non-listed status, ACS will carry out a review of clients' IFRS statements. During the review the audit team will be required to explain the justifications for the IFRS treatments and disclosures in the financial statement and obtain the client's consent to improving treatments and disclosures where these are assessed by the ACS team as being non-compliant with the standards.

**Risk and Quality Group:** Our Firm's risk management, consulting and policy resources are a central function, comprising both full and part time personnel, internally referred to as Risk and Quality (“R&Q”). R&Q is a separate unit within our accounting and auditing practice, independent from those responsible for revenue generation or management, with a seat on the Assurance Practice top leadership team. The R&Q organization includes the following key functions: Risk Management, Independence, Accounting Technical Services, Capital Market Services, Regulatory Oversight, Assurance Policy and Assurance Quality. Each function is lead by a partner assisted by other experienced personnel. These partners are also assisted by other partners from other larger PwC practices when the need arises.

A key responsibility of the risk management partners is to be an integral part of the client acceptance and retention process, responsible for assessing risk on both qualitative and quantitative basis. In addition, risk management partners are required to be integrally involved with engagement teams, where necessary, for consultations on issues and judgements, such as going concern considerations.

We have developed formal strictly enforced protocols setting out the circumstances under which engagement teams must consult with the R&Q group. This group of independent and experienced partners is focused on quality, prompting changes to policy and procedures when and as appropriate.

## *Monitoring*

We have a formal post-issuance quality-monitoring program which is run as part of a PwC global program. The program includes inspection of a partner's work and all aspects of our quality control system to ensure that our quality controls are functioning properly and to provide reasonable assurance that we comply with all applicable professional standards and our own Firm policies and procedures. This program is managed and supervised by the Assurance Quality function within R&Q.

Engagement reviews are conducted by experienced partners and senior managers with appropriate industry experience who are not connected either with the office that performs the audit or the audit itself. Reviews are conducted at least once every three years when all partners are subject to review. More timely reviews are performed when there is a possibility of increased risk.

In addition, there is a rotating program of "office" visits to review implementation of policies and practices at a firm, rather than engagement level. Our inspection process also involves periodic testing of the effectiveness of our quality controls in functional areas such as hiring, training and advancement.

Quality monitoring is also an integral part of our continuous improvement program. We constantly evaluate inputs from formal programs such as this and a variety of informal sources in an ongoing effort to improve our policies, procedures and the consistency of quality of our work. Every instance of failure to meet performance standards is treated seriously – the partner responsible is counselled to improve performance and the work of the partner is reviewed in the following year. Poor technical, risk management or independence performance would result in a negative adjustment to the partner's compensation; in some cases the partner is no longer permitted to sign audit opinions in the Firms' name and in serious cases the partner is requested to leave the Firm.

The Management Board of PricewaterhouseCoopers d.o.o. Beograd believes that the quality control environment described above is in compliance with all applicable regulations and that it provides a reasonable basis for believing that statutory audits carried out by PricewaterhouseCoopers d.o.o. Beograd consistently meet the required quality standards.

## *Last Quality Assurance Review*

The last quality assurance review of PricewaterhouseCoopers d.o.o. was performed by reviewers from other PwC firms (ISQC1) in November 2013. High-risk areas have not been identified, whilst the review of low-risk and no-risk areas is currently under way. The quality assurance review was focused on the ISQC1 standard and did not include individual audit engagements.

In September 2014, the Chamber of Certified Auditors of the Republic of Serbia performed a detailed quality control for PricewaterhouseCoopers d.o.o. The Quality Control Report raised no objections to the quality of the reviewed documentation therefore, quality control procedures confirmed once again the appropriateness of PwC's processes and procedures and their compliance with the Serbian regulations.

The new Law on Capital Market of the Republic of Serbia and the Law on Auditing of the Republic of Serbia (RS Official Gazette No. 62/2013) require that such inspections are carried out at least every 3 years, therefore, inspection by the Chamber of Certified Auditors is expected to take place this year.

# *Independence Processes at PricewaterhouseCoopers d.o.o. Beograd*

## *Independence, Integrity and Objectivity*

The Regional Independence Leader with the support of the country Partner responsible for Independence and supporting staff monitor strict regulatory, professional, and PwC independence requirements relating to financial interests in and business relationships with clients. The Firm has, as part of a response throughout the PwC Global Network, implemented an independence compliance program and monitoring system. The systems and controls cover the following key elements:

- Written independence policies and procedures
- An automated financial interest tracking system and global restricted entity list
- Ongoing independence training
- Internal monitoring of our system of independence and the related controls including annual testing of partner independence
- Responsibility for independence and our system and controls vested in senior management
- An appropriate "tone at the top" and culture relating to independence
- Prompt reporting of personnel employment negotiations with clients
- Reporting by personnel of perceived and real independence violations
- Disciplinary policies and processes
- Controls over joint business relationships, non-audit relationships with audit clients and fee arrangements.

This system requires that partners and staff examine and document any concerns over the firm's independence either in relation to the acceptance of a new client or a particular engagement. Before any non-assurance engagement is accepted for an audit client, an enquiry is made with the partner globally responsible for our relationship with the client as well as a local audit partner, where relevant, as to the permissibility of providing such services to that client. Unless the partner confirms that the proposed engagement does not constitute a threat to independence or that sufficient safeguards are in place to reduce any threats to an acceptable level, the assignment may not be accepted.

An important aspect of our independence culture is the central support provided to partners and staff in respect of independence relating to personal matters, non-audit services, fee arrangements or other types of relationships.

Where clients will not accept clear accounting guidance, audit results on material issues or behave in an unethical manner, the firm supports the engagement partner in making the appropriate reporting decision even if that may result in disengaging from or not accepting an assignment. The last internal independence review carried out at PricewaterhouseCoopers d.o.o. Beograd took place in September 2012 as a part of Global QMR (Quality Management Review).

**List of Public Interest Entities the statutory financial statements of which were audited by PricewaterhouseCoopers d.o.o. Beograd in the financial year ended 31 December 2013**

	Public company	Company declared by the RS Government as 'legal entity of public interest'	Company size		
			Large	Medium	Small
AXA neživotno osiguranje a.d.			X		
AXA životno osiguranje a.d.			X		
Basler neživotno osiguranje a.d. Beograd			X		
Basler životno osiguranje a.d. Beograd			X		
EKO Srbija a.d.			X		
Eurobank EFG Stedionica a.d. Beograd and EFG Leasing, IMO Property investments a.d. as its subsidiaries			X		
HypoAlpeAdria banka			X		
Marfin Bank A.D.			X		
Naftna industrija Srbije a.d. and O Zone as its subsidiary	X		X		
Piraeus Banka a.d. and Pireause Leasing and Piraeus Rent as its subsidiaries			X		
Philip Morris Operations a.d. Nis	X		X		
Sogaz a.d.			X		
Uniqa Neživotno Osiguranje			X		
Uniqa Životno Osiguranje			X		
Zdravlje a.d. Leskovac			X		

**List of companies to which auditing services have been provided by PricewaterhouseCoopers d.o.o. and consulting services by PricewaterhouseCoopers Consulting d.o.o.**

Naftna Industrija Srbije a.d. (amounting to RSD 27,507,278.12)

PricewaterhouseCoopers d.o.o. did not provide consulting services to public companies.

# *Continuing Education of Statutory Auditors*

As referred to in the section above on audit quality, our Statutory Auditors are fully involved in the firm's continuing education programme. In addition to participating in ongoing internally designed training, our Statutory Auditors are required to take part in the annual two-day obligatory training course organised by the Chamber of Certified Auditors of the Republic of Serbia which covers topics on auditing and accounting relevant for Serbian Certified Auditors.

PricewaterhouseCoopers d.o.o. Beograd stipulates the Learning and Development (L&D) curriculum for Assurance professionals including Statutory Auditors, designating which courses are mandatory for Assurance professionals and monitoring their attendance. L&D department is responsible for ensuring the participation of staff and partners in learning activities. There is an annual training curriculum for each assurance level stipulating, in addition to obligatory training, 100 hours of internal PwC training. For a detailed training curriculum, please visit our web-site.

Auditors are obliged to take part in obligatory training courses and attend at least:

- 120 hours of educational activities during a three year cycle
- 20 hours every year, maintaining evidence of educational activities

Further below there is a list of examples of professional development which comply with legal requirements:

- Courses, conferences, seminars
- Self learning (e-learning), organized on-the-job training for new systems, procedures
- Published professional or academic writing participation or work on technical committees
- Teaching a course in an area related to professional responsibility
- Speaking in conferences, briefing sessions, discussion groups
- Writing technical articles, papers, books

## *List of certified auditors*

Name and Surname:

1. Maja Anđelić
2. Hana Andonov
3. Biljana Bogovac
4. Milivoje Nešović
5. Saša Todorović

In addition to certified auditors, PricewaterhouseCoopers d.o.o. Beograd currently employs 60 people, which as at today totals 65 employees.

## *Financial information for the year ended 31 December 2014*

	RSD
Total operating income	518.582,395,27
Total income from Audit of financial statements	348,649,516,05
Total income from Consulting services	23.403.260.61
Total income from Audit of Public Companies	101.665.641,61
Other income	146.529.618,61
PwC Consulting** income from public companies to which auditing services have been provided by PricewaterhouseCoopers d.o.o.	27,988,133.01

PricewaterhouseCoopers d.o.o. did not provide consulting services to public companies.

### *Basis for Partners Remuneration*

Partners are remunerated solely out of the profits of the firm and are personally responsible for funding pensions and other benefits such as medical care. A partner's remuneration is allocated by the Regional Management Board after evaluating each partner's contribution to the firm during the year and following the completion of the annual audits for the national firms. The allocations made by the Management Board are reviewed and approved by the Partners Council. Each partner's remuneration comprises three interrelated profit dependent components:

- Responsibility Income, reflecting the partner's sustained contribution and responsibilities;
- Performance Income, reflecting how a partner and the teams he works with perform in a given year; and
- Equity Unit income which represents a partner's share in the profits after the allocation of the first two elements.

Equity units are allocated to partners on the basis of a matrix which takes account of numerous factors including but not limited to consistency of performance and role within the firm. Performance income is determined by assessing partners achievements against an individually tailored balanced scorecard of objectives based on the partners role. These objectives include the realisation of the firm's audit quality standards and absolute adherence to our integrity and independence regulations.

### *Declaration*

To the best knowledge and belief of PricewaterhouseCopers d.o.o. Beograd, the information contained in this report is correct and is compliant with the requirements of Article 54 of the Law of Capital Markets of the Republic of Serbia (RS Official Gazette No. 31/2011), Article 2 of the Rulebook on Auditing Financial Statements of Public Companies (RS Official Gazette No. 114/2013) and Article 20 of the Law on Accounting (RS Official Gazette No. 20/2013).



Emmanuel Koenig  
Legal Representative/Country Managing Partner

Belgrade, 24 March 2015