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# *Transparency Report*

for the Financial Year Ending  
31 December 2010



**pwc**

This report is published in accordance with the requirements of Article 24 of the Slovak Act on Auditors No. 540/2007 Coll. (hereafter “Act on Auditors”) and implements article 40 of the Directive 2006/43/EC of the European Parliament and of the Council of European Union of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (the Audit Directive).

# Legal Structure, Ownership and Network Arrangements

PricewaterhouseCoopers Slovensko, s.r.o. is a private limited company owned by following shareholders:

	Share in the registered capital	
	in EUR	%
PricewaterhouseCoopers Eastern Europe B.V. (country of incorporation: The Netherlands)	26,556	66.66
PricewaterhouseCoopers sp. z o.o. (country of incorporation: Poland)	6,639	16.67
PRICEWATERHOUSECOOPERS podjetje za revizijo in druge finančno računovodske storitve, d.o.o. (country of incorporation: Slovenia)	6,639	16.67
<b>Total</b>	<b>39,834</b>	<b>100.00</b>

The Company's statutory body as of 31 December 2010 is represented by executives:

Todd William Bradshaw  
Ing. Eva Petrydesová, SKAU licence No. 934

(as of 31 December 2009:  
Ing. Mária Frühwaldová, SKAU licence No. 47  
Ing. Ivan Kupkovič, SKAU licence No. 689)

PricewaterhouseCoopers Slovensko, s.r.o. is ultimately owned by the partners of PricewaterhouseCoopers in our Central and Eastern European ("CEE") firms. PricewaterhouseCoopers Slovensko, s.r.o. together with other firms across the world, is a member of PricewaterhouseCoopers International Limited ("PwC International"), a company limited by guarantee and registered in England. PwC International provides an international network structure for PwC member firms. PwC International does not provide services to clients. PwC 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 PwC member firms, including compliance with independence processes.

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 judgment. 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 Slovensko, s.r.o. 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, also enables resource sharing and 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 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 PwC International and joins the global network, it acquires the right to use the PricewaterhouseCoopers name 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 PricewaterhouseCoopers 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 and 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 issues.

## **Governance**

Within the Central and Eastern European grouping of PricewaterhouseCoopers member firms, which includes operations in 30 national territories, a matrix system of management is operated. Each partner votes every 4<sup>th</sup> year in the election of a Chief Executive who selects 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 and advisory) are set by the business line management team.

Supervision 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 requirements are supplemented by local legal requirements and the professional quality standards of Úrad pre dohľad nad výkonom auditu (Audit oversight authority), Slovenská komora audítorov (Slovak Chamber of Auditors) and, where applicable, Generally Accepted Auditing Standards in the United States of America if we are required to report on an entity from the USA.

Our detailed quality control procedures are contained within 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 members firms are required by internal policies, global Generally Accepted Auditing Standards and Slovak National Auditing Regulations to enforce a system of quality controls over our auditing practices.

Our quality control system is in full compliance with the International Federation of Accountants ("IFAC") requirements and the standards set down by the Audit oversight authority. This quality control system is embedded as part of our day to day activities.

With effect from 15 June 2005, International Standard on Quality Control 1 (ISQC 1), issued by IFAC, applies to all audit firms carrying out audits and reviews of historic financial information.

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 Slovensko, s.r.o. addresses these requirements as follows:

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

**Tone at the Top:** Our Slovak and regional leadership is committed to taking all actions required to ensure that PricewaterhouseCoopers 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 risk management and audit quality who report directly 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 Slovensko, s.r.o. 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 the PwC international ethical standards. Those standards demand that our people act with integrity, objectivity; that they act with professional competence and due care; 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 the PricewaterhouseCoopers "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 a 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 Business Conduct Leader and each country practise has a partner who is a 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. Staff may also submit anonymous questions to their local Business Conduct Leader about correct procedure in particular circumstances. A library of queries and answers is maintained and available for staff.

The Business Conduct Leader is obliged to investigate all complaints or allegations by staff and ensure appropriate measures are taken to prevent any reprisals against staff reporting breaches of ethical conduct.

The PricewaterhouseCoopers website contains in the Code of Conduct section a link which enables third parties to submit information about potential breaches of ethical behaviour by the firm's employees and partners to the Business Conduct leader.

IFAC and PricewaterhouseCoopers standards are supplemented with the independence and ethical requirements of Article 26 of Act on Auditors. The ISQC 1 framework covers the question of independence in the ethics guidance section. We refer to it in a separate section of this report.

### **Independence**

PricewaterhouseCoopers Slovensko, s.r.o. has adopted the PwC Global policies and related rules regarding independence and compliance, complemented when necessary by more restrictive local professional and regulatory rules. PricewaterhouseCoopers Slovensko, s.r.o. 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 Slovensko, s.r.o." section of this report.

## Client Acceptance and Retention

PricewaterhouseCoopers Slovensko, s.r.o. has implemented a process to identify acceptable clients based on the PwC International proprietary 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 that are complex, unusual or difficult to evaluate
- Any estimates that involve uncertainty or subjective judgments
- 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 relationship 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.

The Firm 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. Further, 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, and our partner performance evaluation and compensation processes have been updated as necessary for the recent rules prohibiting direct compensation for selling non-audit services to audit clients.

We also encourage, recognize and reward teamwork. Staff are provided with formal performance feedback for each project where they spend 40 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 a quality work product and the 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 or training to enable the weakness to be eliminated.

The firm also carries out a Global People Survey semi annually 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 Methodology:** We, in conjunction with other PricewaterhouseCoopers firms on a global basis, use an 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 to best implement them. They are available in electronic files and databases, are regularly updated or supplemented for all current developments and are 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 and 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 our 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 judgment. 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 public interest entities and other audit clients are rotated on a cyclical basis. In accordance with the Act on Auditors engagement partners responsible for the audit of public interest entities are rotated on 5 yearly basis. In the case of low risk and smaller clients partners are rotated up to a maximum of 10 years to ensure a fresh look without sacrificing institutional knowledge. In accordance with the USA – Security Exchange Commission requirements, engagement partners are rotated also on 5 yearly basis.

Furthermore, PwC Global 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 IFRS.

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. 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. The financial statements of listed financial services clients for example will be reviewed by a specialist team with a final review being carried out by one of our ACS partners. Smaller clients in less risky sectors will be reviewed cyclically by the ACS team.

All first IFRS adoption clients or first audit by the Firm of a new client reporting in accordance with IFRS will trigger a full review. 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, Accounting Technical Services, Assurance Policy and Assurance Quality. R&Q includes one full-time partner assisted by other experienced personnel. This partner is also assisted by R&Q 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 a 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 judgments, such as going concern considerations.

We have developed formal and 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, directors 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, advancement and independence.

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 the 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 or risk management 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 Slovensko, s.r.o. 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 Slovensko, s.r.o. consistently meet the required quality standards.

## Last Quality Assurance Review in Compliance with Article 31 of the Act on Auditors

Our last quality assurance review by Slovenská komora auditorov (Slovak Chamber of Auditors) in compliance with the EU Audit Directive was carried out between 20 - 21 October 2008 with satisfactory results. The Chamber did not identify any areas for improvement.

Úrad pre dohľad nad výkonom auditu (Audit oversight authority) has commenced an inspection on 18 November 2009. No final protocol has yet been issued. The inspection is planned to be finalized by the end of April 2011.

The results of all quality assurance reviews and oversight inspections for the prior year are published on the web page of Audit oversight authority: [www.udva.sk](http://www.udva.sk) and the Slovak Chamber of Auditors: [www.skau.sk](http://www.skau.sk).

# *Independence Practices of PricewaterhouseCoopers Slovensko, s.r.o.*

## *Independence, Integrity and Objectivity*

Our partners and supporting staff receive a thorough orientation to the culture, values and core attributes of our Firm – the achievement of excellence; the development of teamwork; the commitment to building trust and showing leadership - upon hiring or admittance and are provided with a copy of the PwC Code of Conduct. We expect our partners and staff to live by these values in the course of their professional careers. Our partners know they are responsible for consulting with our technical and risk and quality experts as necessary and for communicating to the client when an accounting treatment is not acceptable even if it means losing or withdrawing from that client. We refer to this responsibility as "Standing Firm on Quality" and it is a key part of our culture at partner and all staff levels.

The Independence Partner responsible for Slovakia and supporting staff monitor strict regulatory, professional and PwC independence requirements related to financial interests in and business relationships with clients. The Firm has, as part of a response throughout the PwC International 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 tracking system and restricted entity list
- Ongoing independence training
- Internal monitoring of our independence system and controls
- 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 potential or apparent independence violations
- Disciplinary policies and processes
- Controls over business relationships and alliances and commissions and contingent fees.

This system results in it being required 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 from an audit client, enquiry is made via the above-mentioned system of the partner globally responsible for our services to that client. Unless that partner confirms that the proposed engagement does not constitute a threat to independence or that sufficient procedures can be put in place to neutralise any risk to independence, the assignment is not accepted.

An important aspect of our independence culture is the central support provided to individual partners both in relation to technical accounting or auditing matters and client behaviour.

Where clients will not accept clear accounting guidance or 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 means ending the business relationship with that client.

The last internal independence review carried out at PricewaterhouseCoopers Slovensko, s.r.o. took place on 14 - 16 June 2010.

***A list of Public interest entities in respect of which PricewaterhouseCoopers Slovensko, s.r.o issued an audit report to financial statements in the accounting period from 1 January 2010 to 31 December 2010.***

AIG Slovakia a.s. v likvidácii (before AIG Slovakia, a.s.)
Alico Funds Central Europe správ. spol., a. s.
Amslico poisťovňa - Alico, a.s. (before AMSLICO AIG Life poisťovňa, a.s.)
AXA Bank Europe, pobočka zahraničnej banky
BRE Bank SA, pobočka zahraničnej banky mBank v Slovenskej republike
Crédit Agricole Corporate and Investment Bank S.A., pobočka zahraničnej banky (before CALYON S.A., pobočka zahraničnej banky )
COMMERZBANK Aktiengesellschaft, pobočka zahraničnej banky, Bratislava
ČP INVEST investiční společnost, a.s., organizačná zložka
Eastern Sugar Slovensko, a.s.
Eximbanka SR
Generali Slovensko poisťovňa, a. s.
Groupama poisťovňa, a. s
Groupama životná poisťovňa, a.s.
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group
KONTINUITA poisťovňa, a.s. Vienna Insurance Group
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group
MATADOR Automotive Vráble, a.s.
Poisťovňa Cardif Slovakia, a.s.
Poisťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group
Prvá stavebná sporiteľňa, a. s.
QBE Insurance (Europe) Limited, pobočka pre Slovenskú republiku
Wüstenrot stavebná sporiteľňa, a.s.

## ***Companies that meet the requirements of section 17a paragraph 2 and section 22 paragraph 3 of Act 431/2002 Coll. As amended by Act 561/2004 Coll.:***

BILLA s.r.o.
Doprastav, a.s.
Duslo, a.s.
Foxconn Slovakia, spol. s r.o. (before SONY SLOVAKIA, spol. s r.o.)
JOHNSON CONTROLS INTERNATIONAL spol. s r.o.
MATADOR HOLDING, a.s.
NAY a.s.
Smurfit Kappa Štúrovo, a.s.
SUNPHARMA SLOVAKIA, s.r.o. (before PRIMUS s.r.o.)
TESCO STORES SR a.s.
TRANSPETROL, a.s.
U. S. Steel Košice, s.r.o.
VOLKSWAGEN Finančné služby Slovensko s.r.o.
VOLKSWAGEN SLOVAKIA, a.s.
Východoslovenská energetika a.s.
Západoslovenská energetika, a.s.
ZSE Distribúcia, a.s.

## ***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 participation in ongoing internally designed training, our Statutory Auditors are required by the law to take part in obligatory training as follows:

- attend at least 120 hours of educational activities during a three-year cycle
- attend at least 20 hours every year and
- maintain evidence of educational activities

Examples of professional development which comply with legal requirements are:

- 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

PricewaterhouseCoopers Slovensko, s.r.o. stipulates the Learning & Development („L&D“) curriculum for our Assurance professionals including Statutory Auditors, designating which courses are mandatory for which Assurance professionals and monitoring their attendance. Our local L&D department is responsible for ensuring the participation of staff and partners in learning activities.

## Financial Information for the Year Ended 31 December 2010

	EUR ths.
Total turnover	17,478
of which in respect of:	
Statutory audit	5,022
Other assurance services	7,064
Advisory (non-assurance) services	2,881
Other	2,511

### 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 determined 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 of 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/she 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 a partner's achievements against an individually tailored balanced scorecard of objectives based on the partner's role. These objectives include the realisation of the Firm's audit quality standards and absolute adherence to our integrity and independence regulations.

### Our Commitment on This Report

To the best knowledge and belief of PricewaterhouseCoopers Slovensko, s.r.o. the information contained in this report is correct at the time of publication.



Ing. Eva Petrydesová  
PricewaterhouseCoopers Slovensko, s.r.o.