

*Dedicated to your
success*



PwC in the Czech Republic

- Audit
- Risk Assurance Solutions
- Tax Services
- PwC Legal
- Transactions
- Consulting
- Forensic Services
- The Academy

Time of change

Business as an equation with two variables

It may not sound original, but it is true: Over the last few years, nearly everything we knew in business has changed. Does it still make sense to talk about innovations in such an environment? I believe it does. An innovation is usually perceived as something positive, however, the term actually means any kind of change, whether it makes us laugh or cry...

There is one area where we experience perhaps too many “innovations” – and that is tax legislation. **If a country’s innovation potential was measured by the number of changes to the tax rules, the Czech Republic would be leading the pack:** the Income Tax Act has been amended 120 times over the 18 years of its existence. It’s no wonder that tax experts are kept busy... In the context of growing public debt, however, we see a new dimension to tax consultants’ work. They provide an important support to businesses, because they help them comply with the complex legislation; but some also see them as enemies of the state who use their smart strategies to deprive the state treasury of money. In PwC, we believe that the tax system should and can be set up in a way that benefits both sides.

In reality, the innovation potential of a country is not measured by tax changes. Thus the Czech Republic ranks around number thirty in the world’s innovation rankings. The innovation potential of businesses is no longer measured just by the number of new products. **The majority of companies today are faced with a greater challenge: the need to undergo a complete transformation.** They are changing their sales culture, streamlining their production, looking for new ways to motivate their employees and improve their productivity, and so on and so on...

In all this innovation excitement, we must not forget that stability is important, too. We praise the stability of Czech banks, desire a stable tax system, and value stable governments... **After all, the success of a change is measured by its ability to last.** And as a physicist by education, let me define the success of a business in the form of an equation with two variables:

- the right amount of stability (the unique value of each company)
- multiplied by a change coefficient (ability to remove obstacles preventing it from making progress).

For over 160 years, PwC has been helping its clients solve this equation with two variables. I am looking forward to our joint effort of trying to solve your innovation equation.



Jiří Moser,
Country Managing Partner, PwC Czech Republic

An important change will come out of negotiations between the European Commission, the European Parliament and the Council of Ministers on new audit regulations. This will impact operations of most businesses. We welcome some of the upcoming changes, but some others we consider to be a source of additional administrative requirements (resulting in costs) that will not have a positive impact on businesses.

What I consider most important is that we do not forget what the true value of audit is (or should be) to your business. Your money should get you more than a stamp of approval – you should have the assurance that everything is just the way it should be.

We build relationships that create value

PwC in brief

PwC firms help organisations and individuals create the value they're looking for. We provide top quality assurance, tax, and consulting services that help our clients achieve their goals.

Czech Republic

PwC has been present on the Czech market for more than two decades, which means that we are more than just helping our clients find the best solutions. Most of all, this time shows our commitment to building strong, trust-based relationships with our clients, to being their reliable partners in their day-to-day management decisions as well as in defining and implementing their long-term visions.



Central and Eastern Europe

PwC Czech Republic works closely with PwC professionals in other Central and Eastern European countries. From the client's perspective, we function as one large organisation in the region. This provides our clients with:

- Broader experience and greater expertise than one independent company in each country can provide;
- Lower costs as we share some internal services;
- Availability anywhere in Central and Eastern Europe.



Globally

We provide our clients with similar advantages based on the fact that we are a member of a global network of PwC firms. We can provide our clients with information, contacts, and the same extent and standard of services anywhere where our clients need us.



Supporting Czech businesses: at home and abroad

Private Company Services

More and more Czech companies are looking to expand into neighbouring countries, into Western Europe, or even further around the world. To succeed globally, they need to adapt to global standards, improve their business processes and controls, and frequently also reorganise the way they operate. Even strong local players need to undergo some major changes if they are to manage their growth well and remain efficient.

Owners of privately-owned businesses often hire **professional management** for their broader experience and to free themselves from the day-to-day management of their complex businesses. Many owners are considering **selling their companies or passing them on to their family members**, others are planning to grow through **acquisitions**. Some owners operate businesses in several industries and would like to streamline their management and lower their expenses through **consolidation**. Competition in the Czech Republic and abroad continues growing stronger and businesses are looking to **improve the efficiency** of their production, processes, working capital or people. Strategies that worked well when they started as entrepreneurs can easily jeopardise the future growth of their successful businesses. These are just some of the challenges that Czech business owners face.

Our dedicated Private Company Services (PCS) team provides complete practical and commercial assistance, tailored to the needs of private businesses, family businesses, entrepreneurs and high net worth individuals. Much like a personal trainer, we will support your firm in every moment and in every situation, so that you can fully focus on your strategic goals.

Věra Výtvarová,
Lead Partner in Private Company Services



88 %

of Czech owners will finance growth of their companies from their own resources

32 %

of private Czech companies will change their owner within two years

60 %

of Czech owners have no plans for crisis situations (illness, disability, death, etc.)

Top-Level Trust

Programme for CEOs

CEOs and board members see PwC as a natural partner whenever they make an important strategic decision. Thanks to our long-term, trust-based relationships, they know that they can turn to us any time to discuss any situation or challenge that arises in their company or in the marketplace.

What are the opinions and experiences of Czech CEOs?

The common denominator is the acquisition and correct usage of resources. People are the most important one. The fear that there will not be enough employees with required knowledge will represent – according to the CEOs – the biggest threat for their companies. Historically, this threat replaced traditional themes such as corruption, bureaucracy or high tax burden, for the first time. Therefore, we have devoted one single chapter to the question of employee' motivation. I believe that it will be an inspiration for you to succeed in the struggle for the best employees.

We also organise regular **CEO discussion meetings** with interesting guests, where we debate both the current economic situation and challenges that Czech companies are facing, and long-term trends and strategies for sustainable success.

Successful managers have already figured out that the answer to hard times is not thoughtless cost-cutting and massive lay-offs, but selective management of costs, inputs and cash. More importantly companies are looking to generate new ideas and innovation, while better understanding customers and maintaining good relationships with them. In fact, it takes relatively little - understand what your customers truly want, and sell it to them in a way that they understand and appreciate.

Jiří Moser,
Country Managing Partner,
PwC Czech Republic



81 %

of CEOs believe that their revenues will grow this year

25 %

of CEOs plans to finish domestic M&A this year

70 %

of companies will increase investment in digital technologies



We make your industry our own

Industry expertise

If a consulting and audit firm wants to work successfully for its clients, it needs to understand much more than balance sheets and numbers. An in-depth knowledge and understanding of the respective industry, its competitive environment and the national and international regulatory requirements are vital factors in our success – and in yours.

We continuously develop and expand our industry expertise. Technical experts in each business area work together across all industries. This is how we can offer our clients tailored services as one firm.

- Public sector
- Private equity
- Automotive
- Banking
- Insurance
- Manufacturing and industrial products
- Real estate and construction
- Retail and consumer goods
- Energy, utilities and mining
- Entertainment and media
- Transportation and logistics
- Pharma
- Information, technology and communication and others

*Those **banks** which will have problems with the required capital adequacy will have to reduce their credit activities. On the other hand, there is significant market advantage for stable, well capitalised banks, including those from the Czech Republic.*

Petr Kříž, PwC ČR, Czech TV, 15. 5. 2012



94 %
private equity houses expect environmental, social and governance issues to become more important to their business in the next five years.

22 % of
online shoppers made their first online purchases within the past year.

*The world production of **electric vehicles** is about to exceed half a million next year... Slow development of infrastructure and relatively short battery life are the biggest constraints for their broader expansion.*

Jiří Zouhar, PwC ČR, E15 daily, 30. 5. 2012



Our services in a nutshell

Taxes – the never-ending battle. Really?

Taxes are probably forever, but they do not have to be a battle. For years, we have been facilitating a dialogue between tax payers and the tax administration and we keep looking for ways to **change the tax system so that it works for both the public budget and the tax payers as well as improve the Czech Republic's competitiveness and image in the world.** A number of such changes were already implemented, which was noted in the joint analysis of PwC and World Bank: Paying Taxes. Despite that, there is plenty of work left – the time needed to meet all tax obligations in the Czech Republic is still among the highest in Europe.

While it may be difficult to lower tax rates in the current economic conditions, it should be possible to **reduce administrative burden of voluntary compliance and as well as the tax risk while at the same time increasing legal certainty.**

Our mission when working with businesses and their owners is to ensure:

- they will only pay as much in taxes as they have to
- set up processes, controls and use of modern technologies to help them efficiently manage tax risks
- make tax compliance easier for them
- defend their tax position in case of disputes

When assisting the government, we want to help:

- modernise tax administration and collection with the aim to ease administrative burden for tax payers
- implement tax compliance risk management and focus on non-compliant taxpayers
- shape the tax system that would support business growth, competitiveness and innovation and allow for sustainable growth of the Czech economy

Thanks to our long-term work in this area, we know the Czech tax system and tax administration better than most, whether it is in regards to complying with basic requirements, attending to special business situations, or dealing with the financial offices. We are also able to build on your experience and suggestions and use them in our dialogue with the government – or even invite you to participate in it...

The Czech Republic is no tax paradise (yet). But that does not mean that you have to go through a tax hell...

Peter Chrenko,
Tax Partner



Law for business, not the other way around

You typically don't expect lawyers to **be brief, have a clear view, and respect for business needs.** But that's exactly what we are striving for – in all legal areas, from your daily legal needs, through complex transactions, all the way to court disputes. PwC Legal, the transaction and project law firm of PwC, works closely with PwC consulting teams and can provide you with a complete service solution under one roof.

Understandable, reliable, and commercial – business law should help your business, not complicate it.

Mike Mullen,
Lead Partner of PwC Legal



Our services in a nutshell

Audit: Trust and quality above all

A really good audit is not just a formality. It is an assurance that you know about everything that you need to know about, and are aware of the risks that you may be exposed to.

Having a PwC audit is like having a traditional family doctor, who:

- knows the state of health and history of your whole firm or group;
- can recognise the true cause of your trouble and does not only treat the symptoms;
- fully respects your life-style and the specific features of your business;
- can suggest the right steps for improvement, without overwhelming you with unnecessary medication;
- if needed, has a trusted specialist on hand.

The majority of our auditors specialise in a particular industry in order to provide their clients with a perfect knowledge and understanding of their field, the appropriate business regulations, and market trends. Others are experts in specialised areas, such as actuarial services, hedging, etc. All of our experts will strive to speak your language, respect your unique situation, and **not burden you with anything that would not bring you real value.**

The quality and reliability of a PwC audit are the best **assurance not just for you**, but also for your business partners, banks, and the public.

It is certainly possible to get the stamp cheaper. But will it give you the assurance that everything is under your control? Will such an “audit” allow you to move forward?

Věra Výtvarová,
Lead Assurance Partner



Financial services

Automotive

Consumer goods

Energetics

Multinational corporations

Private Companies

Public sector

Private Equity

Audit and risk assurance

Audit of financial statements

Finance and accounting advice

Accounting including IFRS, CZ GAAP and US GAAP

Financial regulatory services

Actuarial services

Hedging

Internal audit

Controls and performance

Business resilience

IT security

System & process assurance

Academy

Technical courses and professional qualifications

Tailored development programmes

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Tax Services

Effective tax function (processes, controls, systems)

Tax risk management

Tax returns, accounting, payroll

Tax controversy and dispute resolution

Transfer pricing

Tax reliefs (investment incentives, R&D)

International taxation and tax structuring

Mergers & acquisitions

Human resource services

Immigration services

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Legal Services

Mergers and acquisitions
Private equity
Insolvency and restructuring
EU, regulatory and antitrust
Employment
Intellectual property & TMT
Private clients
Corporate secretarial services

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Deals

Strategy consulting
Corporate finance
Infrastructure and government
Valuation
Due diligence
Mergers and acquisitions
M&A integration services
Tax and legal services

Restructuring

Financial restructuring
Business regeneration
Bankruptcy management
Insolvency management

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Consulting

Innovation management
Transformation
Project management
Finance and accounting
Operations
Technology and IT

Forensic services

Fraud prevention, detection
and investigation
Commercial disputes and
international arbitrations
Forensic technology and data
analysis
Corporate Intelligence

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Risk Management: Fortune favours the ready!

The old proverb sums up risk management pretty well. Those who can recognise risks early and are well-prepared to face them can actually profit from them. Whereas others can manage to get through them at a cost... or can even be defeated by them.

Risk management is the best starting point for the right decisions. The 'no risk, no gain' rule only applies to responsible management.

Tomáš Kuča,
Risk Assurance
Solutions Partner



Academy: Your firm can only grow as fast as your people's skills

People learn most in practice. This is why we launched The Academy at PwC five years ago. It means a completely new learning concept in the country. We offer global qualifications, open technical courses as well as tailored programmes. Most importantly, we offer tutors you cannot find elsewhere: our own professionals. They use their daily practical experience with clients. This is why our students repeatedly score best on international exams.

Choice of the course is up to you. Guarantee of quality is on us.

Joe Appleton,
The Academy Leader



People: The toughest decisions usually do not concern money

Money does not have emotions, ambitions, needs, and **makes no mistakes... unlike people**. Despite that, many people think that managing finance is harder than managing people. We know that it is not the case. We also know that the success of your finances depends on how you find, motivate, evaluate, grow, and reward your people.

The value of your “human capital” is much more than the sum of your wages and benefits. Or it could be.

Andrea Linhartová Palánová,
Human Resource Management



Transactions: Making a deal without exposing yourself to major risks and stress

For many of our clients, undertaking a transaction (whether a purchase or a sale) is an exceptional and extremely challenging step. They will often only perform it once in their life. A deal will impact not only the owners of a business but the whole company, its people and relationships within and outside of the company. **In these complicated and stressful situations, clients will appreciate our complex support:** from preparing the business for a transaction, selecting a suitable target or investor, performing a detailed due diligence and finding potential problems, to negotiating the right price. All of these have to be performed while your business is running as usual and you keep the right level of distance...

We protect your interests and work on your goals – allowing you to focus on your business

Miroslav Bratrych,
Lead Advisory Partner



Consulting: What was good enough yesterday may not work today...

...and will probably be no good tomorrow. We need to do things more efficiently, faster, cheaper, and differently. It is easier to plan changes than **to implement them:** too many attempts at change fail because most people are very resistant to them. Whether you are looking at changing individual areas such as finance, production, IT, HR, or sales, or are considering a complete transformation of your whole business model, we can help you overcome the tension between certainty and change and introduce new elements of behaviour and leadership so that they support your ability to continue to change and adapt.

A common characteristic of successful organisations is their ability to change continually.

Jiří Moser,
Country Managing Partner



Our knowledge is your added value

Surveys and analysis

To make the right decision, you need the right information. And we give it to you. We want you to have the necessary knowledge-advantage in order to make the most of opportunities and keep you ahead of your competition. Among our key reports and thought leadership initiatives are:

CEO Survey

An annual analysis of opinions and experiences of more than a **thousand CEOs from around the world**, focusing on current economic trends and outlooks. It is Traditionally published at the World Economic Forum in Davos. In the Czech Republic, we perform an annual survey of about a hundred Czech business leaders focusing on opportunities, risks, and expectations in the Czech market.

www.pwc.cz/ceoagenda

Tomorrow, Next Year, in the Next Generation

Survey among the owners of privately owned Czech businesses, mapping out their future plans, key trends, opportunities, and risks.

www.pwc.cz/nastupnictvi

Paying Taxes

Can the tax system benefit both the government and businesses? An annual study performed jointly with the World Bank compares tax systems and reforms in over 180 countries around the world.

www.pwc.cz/paytax

Economic Crime Survey

The largest economic crime survey in the world. It provides a detailed overview of the number and types of fraud as well as the measures businesses use to prevent, detect, and investigate it. The Czech Republic is one of the participating countries.

www.pwc.cz/crimesurvey

Family Business Survey

Opinions and experience of almost 2000 owners of family businesses in more than 30 countries across the globe.

www.pwc.com/fambizsurvey

Mergers and Acquisitions

Mergers and acquisitions reports in various industries.

Banana Skins

Regular surveys of risks in the financial services sector, alternating banking and insurance companies.

www.pwc.com/bananaskins

Industrial Analyses

Regular analyses of the latest trends in selected industries.

Macroeconomic Analyses and Forecasts

Our local experts and macroeconomists from London regularly analyse, for example, Eurozone scenarios, economic growth prospects and the expected impact of macroeconomic developments on businesses.

PayWell

A benchmarking industry-based survey focusing on salaries, compensation, and benefits.

www.pwc.cz/paywell

HR Controlling

A survey that follows more than 100 indicators, allowing firms to pinpoint weak areas in their human resources management and to identify priorities for improvement.

www.pwc.cz/hrcontrolling

Our commitment to clients and employees

Our code of conduct and values

We want to help our clients and employees achieve their business, professional, as well as personal objectives and long-term success in the market. It is the ability to empathise, respect each other and closely cooperate that creates the basis for building deep relationships and helps us identify what really matters and how to best achieve it.

- We enhance value through quality
- We put ourselves in each others' shoes
- We share and collaborate
- We invest in relationships

Code of Conduct

PwC conducts its business within the framework of applicable professional standards, laws and regulations, together with PwC policies and standards. In addition to these standards, PwC has developed a Code of Conduct that is an integral part of our day-to-day work.

PwC values

Excellence – Delivering what we promise and adding value beyond what is expected. We achieve excellence through innovation, learning, and agility.

Teamwork – The best solutions come from working together with colleagues and clients. Effective teamwork requires relationships, respect and sharing.

Leadership – Leading with clients, leading with people and thought leadership. Leadership demands courage, vision and integrity.

Fraud Forum

Over 200 experts on economic crime sharing their experience

Fraud Forum is a platform to share the knowledge and experience of managers and experts who, in their roles, prevent, detect and investigate fraud and economic crime. We founded the platform in 2009 and currently the member base accounts for over 200 experts who regularly meet to share their experience of preventing business crime in the Czech Republic. We believe that this initiative helps to improve an area that has a significant negative impact on the quality of business environment in the country.

www.pwc.cz/fraudforum

Sound governance and transparency form the foundation of leadership. We are committed to serving as a force for integrity, good sense and offer wise solutions to the problems our clients face today.

Tomáš Bašta,
Ethics and Independence Leader



Success means responsibility

Our corporate responsibility initiatives

As leading advisors, we understand the long-term impact of a company's operations on society. Corporate responsibility for us means supporting the community, adhering to ethical principles, respecting the environment, developing our employees and striving to improve business conditions in the Czech Republic.

Projects that we support include:

- **Czech Innovation:** a platform that aims at supporting the innovation potential of Czech businesses and individuals
- **Via Bona:** philanthropy award to businesses and individuals
- **Social Impact Award:** supporting students in implementing their socially beneficial projects

Our own activities include:

- We cooperate with the Czech government and other institutions to **improve the tax environment in the Czech Republic.**
- **Fighting economic crime:** we started Fraud Forum, a platform where fraud experts can share their knowledge and experience.
- We perform business and industry **surveys and studies** and share them for free with the public and our clients.
- For over ten years, we have been holding our annual **Christmas charity.** Last year, we added a new project – **Charity Instead of Gifts:** we donate our budget for Christmas presents to the community instead.
- We maintain a long-term and systematic investment into **developing our employees.**
- We cooperate with a number of **universities and student organisations;** we organise student workshops and contests and we survey their opinions in regular Student Barometers.

From December 2012, PwC ČR headquarters is located at a new address – City Green Court in Praha 4 Pankrác.

One of the main reasons for choosing this building was its high environmental standards. CGG was awarded the top – platinum – LEED certification (Leadership in Energy and Environmental Design). Its innovative solutions include, for example:

- automatic **switch-off lights** in office areas
- lighting system using space **occupancy sensors** and daylight
- efficient **heat recovery** system
- impressive enclosed atrium with **natural ventilation**
- **cooling beams** for distributing cool and fresh air
- system for monitoring indoor and outdoor **CO² emissions**
- **rainwater** to irrigate plants & operate systems in the building



We change to reflect your needs

New programs and services in our portfolio

We have selected a few examples of our new services. Did you know we also help clients solve the following challenges?

PwC Czech Republic has changed, too. Today, we are a Czech professional services firm that is a part of a global network. We offer our clients the best of both. Our people gain expertise domestically and abroad, we can access the latest knowledge and best practice, and we can help our clients take their business anywhere around the world – as a number of Czech firms need more space for their growth...

However, we know well that not everything that works globally can be easily transferred here. We see the world as a great inspiration, we are flexible in what and how we choose to adapt locally, and we look to our clients' situation and needs to guide us.

Over the last few years, we have strengthened several teams and introduced some completely new services in reaction to market developments and our clients' needs. We pioneered several areas and remain market leaders in them.

Managing and conducting corporate finance and accounting

Manage a shortage of financial experts (or expertise) by temporarily making our professionals part your team – for just as long as you need.

Tax disputes

A unique combination of tax and legal expertise and experience that brings tangible results

Financial claims

Unrecovered claims are not necessarily irrecoverable. We will help you get back as much as possible.

Successions

Handing over your business to the next generation or another owner is a long and challenging process. Don't risk your firm's future.

IT consulting

Technologies are great when they serve you, but a nightmare when they get in command... We will help you select, set up and, most of all, manage them so that they do what you need.

e-Consolidation

Tool that will make preparation of consolidated financial statements across your group in the Czech Republic and abroad much easier and faster.

Sustainable development

To achieve long-term success, firms must build more value than just financial...

Hedging

Achieve maximum stability in today's rocky exchange rate developments.

Forensic technologies

In today's digital world, every act leaves tracks. We know how to find such tracks, how to analyse them and prove their reliability.

Corporate Intelligence

Do you know your business partners well? Did you know that you may be liable for fraudulent activities committed by your business partners?

Investment incentives

Do you utilise all the public support you are entitled to?

Cheaper and faster supply chain:

From managing your orders and planning through purchasing and production to distribution and inventory management.

Innovation management

Successful innovation is never an accident. It is a systematic process that can be established, managed, measured, and improved.

Going public

Making sure you get what you expect when you decide to enter a stock market.

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