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PricewaterhouseCoopers LLP Members' report and financial statements for the year ended 30 June 2015

Contents

Members' report for the year ended 30 June 2015

The members present their report and the audited consolidated financial statements of PricewaterhouseCoopers LLP ('the LLP') and its subsidiary undertakings (together 'the Group') for the year ended 30 June 2015.

Principal activities

The principal activity of the LLP and the Group is the provision of professional services.

Governance

The governance structure of the LLP comprises:

- The Executive Board – responsible for developing and implementing the LLP's policies and strategy and for its direction and management.
- The Supervisory Board – responsible for overseeing the executive management and representing the interests of all members. The Audit and Risk Committee, a sub-committee of the Supervisory Board, monitors and reviews the integrity of the Group's financial statements.
- The Public Interest Body – responsible for enhancing confidence in public interest aspects of the LLP's decision-making, stakeholder dialogue and management of reputational risks.

Designated members

The designated members (as defined in the Limited Liability Partnerships Act 2000) of the LLP during the whole of the year were Ian Powell, Kevin Ellis and Warwick Hunt.

Members' capital

The Group is financed through a combination of members' capital, undistributed profits and borrowing facilities. Members' capital contributions totalling £209m (2014: £208m) are determined by the Executive Board with the approval of the Supervisory Board, having regard to the working capital needs of the business. They are set by reference to an individual member's equity unit profit share and are repayable following the member's retirement.

Members' profit shares and drawings

Members are remunerated solely out of the profits of the LLP after adjusting for annuity payments to certain former partners and other equity adjustments. The final allocation and distribution of profit to individual members is made by the Executive Board, once their individual performance has been assessed and the annual financial statements have been approved. The Supervisory Board approves the process and oversees its application.

Each member's profit share comprises three interrelated profit-dependent components:

- Responsibility income – reflecting the member's sustained contribution and responsibilities.
- Performance income – reflecting how a member and their team(s) have performed.
- Equity unit income – reflecting the overall profitability of the LLP.

Each member's performance income, which in the current year represents on average approximately 37% of their profit share (2014: 39%), is determined by assessing achievements against an individually tailored balanced scorecard of objectives, based on the member's role. These objectives include ensuring the delivery of quality services and the maintenance of independence and integrity. There is transparency among the members over the total income allocated to each individual.

The overall policy for members' monthly drawings is to advance a proportion of the profit during the financial year, taking into account the need to maintain sufficient funds to settle members' income tax liabilities and to finance the working capital and other needs of the business. The Executive Board, with the approval of the Supervisory Board, sets the level of members' monthly drawings, based on a percentage of their individual responsibility income.

Going concern

The Executive Board has a reasonable expectation that the LLP has adequate financial resources to meet its operational needs for the foreseeable future and therefore the going concern basis has been adopted in preparing the financial statements.

Statement of members' responsibilities in respect of the financial statements

The Companies Act 2006, as applied to limited liability partnerships, requires members to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of both the LLP and the Group, and of the profit or loss of the Group for that period. In preparing those financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently, subject to any changes disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the LLP or Group will continue in business.

The members are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and the Group, and enable them to ensure that the financial statements comply with the Companies Act 2006, as applied to limited liability partnerships.

The members are also responsible for safeguarding the assets of the LLP and the Group, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members' report continued

These responsibilities are fulfilled by the Executive Board on behalf of the members.

The Executive Board confirms that it has complied with the above requirements in preparing the financial statements.

Signed on 7 August 2015 on behalf of the Executive Board by:

Ian Powell
Chairman and Senior Partner

Warwick Hunt
Chief Financial Officer and Head of Operations

Report on the financial statements

Our opinion

In our opinion:

- the financial statements, defined below, give a true and fair view of the state of the Group's and of the parent LLP's affairs as at 30 June 2015 and of the Group's profit and of the Group's and parent LLP's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union;
- the parent LLP financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, as applied to limited liability partnerships; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships.

This opinion is to be read in the context of what we say below.

What we have audited

The Group financial statements and parent LLP financial statements ('the financial statements'), which are prepared by PricewaterhouseCoopers LLP, comprise:

- the Group income statement and statement of comprehensive income for the year ended 30 June 2015;
- the Group and parent LLP statements of financial position as at 30 June 2015;
- the Group and parent LLP statements of cash flows and statements of changes in members' equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and IFRS as adopted by the European Union and, as regards the parent LLP, as applied in accordance with the provisions of the Companies Act 2006, as applied to limited liability partnerships.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). Our responsibilities under those standards are further described below under Responsibilities for the financial statements audit. In performing our audit, as required by those standards, we complied with the Financial Reporting Council's Ethical Standards for Auditors including those requiring us to be independent and objective.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and parent LLP's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by management; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the members' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £25m (2014: £25m). In determining this, we considered a range of benchmarks with specific focus on 1% of Group revenue (2014: 1%) and 5% of Group net assets (2014: 5%).

We agreed with the Audit and Risk Committee to report to it all identified errors in excess of £0.5m (2014: £0.5m). Errors below that threshold would also be reported to it if, in our opinion as auditors, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Group and its material subsidiaries are accounted for from one central operating location with the exception of the Middle East group of subsidiaries. Our audit was conducted from the main operating location and all material subsidiary companies were within the scope of our audit testing.
A member firm of the Crowe Horwath International network undertook specified audit procedures in the Middle East under our direction and we visited the Middle East to review the work of the component auditors and to discuss matters with local management and the component auditors.

Independent auditor's report to the members of PricewaterhouseCoopers LLP continued

Areas of particular audit focus

In preparing the financial statements, the Executive Board, on behalf of the members, made a number of subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We focused our work primarily on these areas by assessing the Executive Board's judgements against available evidence, forming our own judgements and evaluating the disclosures in the financial statements. We also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the Executive Board, which may represent a risk of material misstatement, especially in areas of critical estimates and judgements.

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit.

Area of focus	How the scope of our audit addressed the area of focus
Revenue recognition and the valuation of unbilled amounts for client work The Group increasingly enters into a broader range of client contract types. The timing of revenue recognition on these contracts is dependent on the fulfilment of contractual terms, which can be complex and involve subjective judgements on contract completeness and recoverability. Judgements are also required in assessing the fair value of unbilled amounts for client work.	We selected a sample of client assignments focusing on material contracts and contracts that met certain identified risk criteria. Contract terms were examined and relevant information obtained from the client engagement team. The justification for the stage of contract completeness of an engagement, revenue recognised, provisions held against work in progress and the assessment of the fair value of unbilled revenue at the year end were appropriately challenged, reviewed and discussed with engagement teams and management and supporting evidence obtained. In each case we checked that revenue had been recognised in line with contractual terms and the Group's stated revenue recognition policy. We also considered the judgements made by engagement teams and by management in light of the evidence provided. Overall we found no material misstatements arising from our testing.
Provision for client claims Client claims are received in the normal course of business. We focused on this area because of the potential financial impact that a major claim could have on the Group and because of the uncertainties involved, including the need to exercise judgement.	We met with management and, where appropriate, legal counsel to discuss significant claims. We reviewed these matters and considered the processes for assessing the risk of unrecorded claims. We reviewed the Group's insurance arrangements and considered the impact of those terms and the level of cover on the provisions made. We considered the judgements made by management in determining the provision for client claims to be reasonable in light of the evidence.
Investments In assessing the carrying value of the investment in Strategy& Parent, management have exercised considerable judgement concerning strategy, future results and profitability and the impact of the acquisition of the United Kingdom and Middle East Strategy& businesses since the reporting date.	We reviewed management's assessment of the fair value of the investment in Strategy& Parent at 30 June 2015. We challenged, reviewed and considered, by reference to internal and external evidence, documentation regarding management's fair value assessment and model and key estimates made. We reviewed the appropriateness of the process for making such estimates. We reviewed the sufficiency of the disclosures made in respect of their assessment and the events after the reporting date. Based upon the evidence provided, the assumptions made and our understanding of the current and anticipated trading performance of the United Kingdom and Middle East Strategy& businesses, both before and after the acquisition, we consider management's judgement to be reasonable both in respect of the impairment charge recognised and the carrying value of the investment.

Area of focus	How the scope of our audit addressed the area of focus
Goodwill When assessing the carrying value of goodwill, management makes judgements about strategy, future results and profitability and the assumptions underlying these.	We reviewed, in comparison to the requirements set out in IAS 36, management's assessment as to whether goodwill was impaired. We challenged, reviewed and considered, by reference to external evidence, management's impairment model and key estimates, including the discount rate. We reviewed the appropriateness and consistency of the process for making such estimates. Based upon the evidence provided, the assumptions made and our understanding of the current and anticipated trading performance of the underlying cash generating units, we consider management's judgement regarding the carrying value of goodwill to be reasonable.

Going concern

The members have concluded that it is appropriate to prepare the Group's and parent LLP's financial statements using the going concern basis of accounting. The going concern basis presumes that the Group and parent LLP have adequate resources to remain in operation, and that the members intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the members' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and the parent LLP's ability to continue as a going concern.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006, as applied to limited liability partnerships, we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent LLP financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other information in the financial statements

Under ISAs (UK & Ireland), we are required to report to you if, in our opinion, information in the financial statements is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and parent LLP acquired in the course of performing our audit; or
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements audit

Our responsibilities and those of the members

As explained more fully in the Statement of members' responsibilities in respect of the financial statements set out on page 1, the members are responsible for the preparation of the Group and parent LLP financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Group and parent LLP financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report or for the opinions we have formed.

Nigel Bostock.

Nigel Bostock
(Senior Statutory Auditor)

For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditors
London

7 August 2015

Consolidated income statement for the year ended 30 June 2015

	Note	2015 £m	2014 £m	Increase
Revenue	2	3,083	2,814	10%
Expenses and disbursements on client assignments		(379)	(331)	15%
Net revenue		2,704	2,483	9%
Staff costs	3	(1,330)	(1,197)	11%
Depreciation, amortisation and impairment	4	(64)	(41)	
Other operating charges	4	(456)	(447)	2%
Operating profit		854	798	7%
Finance expense	5	(4)	(5)	
Profit on ordinary activities before taxation		850	793	7%
Tax expense in corporate subsidiaries	6	(32)	(21)	
Profit for the financial year		818	772	6%
Profit for the financial year attributable to:				
Members	21	755	711	6%
Non-controlling interests	21	63	61	3%
Profit for the financial year		818	772	6%

Consolidated statement of comprehensive income for the year ended 30 June 2015

	Note	2015 £m	2014 £m
Profit for the financial year		818	772
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	23	5	(3)
Translation of foreign operations		–	(2)
Items that will not be reclassified to profit or loss:			
Remeasurements of retirement benefits	20	55	(45)
Other comprehensive income (expense) for the financial year		60	(50)
Total comprehensive income for the financial year		878	722
Total comprehensive income for the financial year attributable to:			
Members		815	663
Non-controlling interests		63	59
Total comprehensive income for the financial year		878	722

There is no tax on any component of other comprehensive income (expense).

Statements of financial position at 30 June 2015

		Group		LLP	
	Note	2015 £m	2014 £m	2015 £m	2014 £m
Non-current assets					
Property, plant and equipment	8	185	190	–	–
Goodwill	9	46	47	6	6
Other intangible assets	9	24	24	1	3
Investments in subsidiaries	10	–	–	57	68
Interests in joint ventures	11	1	1	–	–
Other investments	12	85	86	18	65
Deferred tax asset	19	1	–	–	–
Retirement benefit asset	20	18	–	18	–
		360	348	100	142
Current assets					
Trade and other receivables	13	931	839	704	637
Cash and cash equivalents	14	253	261	206	214
		1,184	1,100	910	851
Total assets		1,544	1,448	1,010	993
Current liabilities					
Trade and other payables	15	(695)	(654)	(400)	(382)
Corporation tax		(19)	(17)	–	–
Borrowings	16	(44)	(46)	–	–
Provisions	17	(1)	(3)	(1)	(3)
Members' capital	18	(13)	(9)	(13)	(9)
		(772)	(729)	(414)	(394)
Non-current liabilities					
Borrowings	16	–	(6)	–	–
Provisions	17	(44)	(42)	(12)	(15)
Members' capital	18	(196)	(199)	(196)	(199)
Other non-current liabilities	15	(52)	(64)	–	(23)
Retirement benefit obligation	20	–	(57)	–	(57)
		(292)	(368)	(208)	(294)
Total liabilities		(1,064)	(1,097)	(622)	(688)
Net assets		480	351	388	305
Equity					
Members' reserves	21	496	365	388	305
Non-controlling interests	21	(16)	(14)	–	–
Total equity		480	351	388	305
Members' interests					
Members' capital	18	209	208	209	208
Members' reserves	21	496	365	388	305
Amounts due from members (included in trade and other receivables)	21	–	(7)	–	–
Total members' interests	21	705	566	597	513

The financial statements on pages 6 to 35 were authorised for issue and signed on 7 August 2015 on behalf of the members of PricewaterhouseCoopers LLP, registered number OC303525, by:

Ian Powell
Chairman and Senior Partner

Warwick Hunt
Chief Financial Officer and Head of Operations

Statements of cash flows for the year ended 30 June 2015

	Group		LLP	
	2015 £m	2014 £m	2015 £m	2014 £m
Cash flows from operating activities				
Profit after taxation	818	772	712	668
Tax on profits	32	21	–	–
Adjustments for:				
Depreciation, amortisation and impairment	64	41	16	4
Loss on disposal of property, plant and equipment	–	1	–	–
Loss on disposal of intangible assets	–	1	–	–
Finance income	–	–	(1)	(1)
Finance expense	4	5	1	2
Changes in working capital (excluding the effects of acquisitions):				
Increase in trade and other receivables	(99)	(27)	(67)	(27)
Increase in trade and other payables	53	28	40	46
Increase (decrease) in provisions and other non-current liabilities	10	(12)	(5)	(7)
Movement in retirement benefits	(21)	(23)	(21)	(23)
Cash generated from operations	861	807	675	662
Tax paid by corporate subsidiaries	(31)	(25)	–	–
Net cash inflow from operating activities	830	782	675	662
Cash flows from investing activities				
Purchase of property, plant and equipment	(36)	(50)	–	–
Proceeds from sale of property, plant and equipment	1	–	–	–
Purchase of intangible assets	(8)	(6)	–	(1)
Purchase of other businesses (net of cash acquired)	–	(5)	–	–
Purchase of investments	(44)	(31)	(3)	(31)
Proceeds from sale of investments	–	–	2	4
Interest received	–	–	1	1
Net cash outflow from investing activities	(87)	(92)	–	(27)
Cash flows from financing activities				
Payments to members	(684)	(644)	(684)	(644)
Payments to non-controlling interests	(65)	(57)	–	–
Interest paid	(2)	(2)	–	–
Movement in borrowings	(8)	1	–	–
Compensating payment by members	7	18	–	–
Capital contributions by members	14	37	14	37
Capital repayments to members	(13)	(18)	(13)	(18)
Net cash outflow from financing activities	(751)	(665)	(683)	(625)
Net (decrease) increase in cash and cash equivalents	(8)	25	(8)	10
Cash and cash equivalents at beginning of year	261	236	214	204
Cash and cash equivalents at end of year (note 14)	253	261	206	214

Statements of changes in members' equity for the year ended 30 June 2015

	Group			LLP
	Available for division among members £m	Attributable to non-controlling interests £m	Total £m	Total £m
Balance at beginning of prior year (note 21)	346	(16)	330	326
Profit for the financial year	711	61	772	668
Other comprehensive expense for the financial year	(48)	(2)	(50)	(45)
Total comprehensive income	663	59	722	623
Allocated profit in the financial year	(644)	(57)	(701)	(644)
Transactions with owners	(644)	(57)	(701)	(644)
Balance at end of prior year (note 21)	365	(14)	351	305
Profit for the financial year	755	63	818	712
Other comprehensive income for the financial year	60	–	60	55
Total comprehensive income	815	63	878	767
Allocated profit in the financial year	(684)	(65)	(749)	(684)
Transactions with owners	(684)	(65)	(749)	(684)
Balance at end of year (note 21)	496	(16)	480	388

1 Basis of preparation

These financial statements consolidate the results and financial position of PricewaterhouseCoopers LLP and its subsidiary undertakings.

Accounting policies that relate to the financial statements as a whole are set out below, while those that relate to specific areas of the financial statements are shown in the corresponding note. All accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRS Interpretation Committee ('IFRS IC') interpretations, as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to limited liability partnerships ('LLPs') reporting under IFRS.

The financial statements have been prepared on a going concern basis under the historical cost convention, except as otherwise described in the accounting policies.

As permitted by section 408 of the Companies Act 2006, as applied to LLPs, no separate income statement is presented for the LLP.

New standards adopted in the year

The Group adopted IFRS 12 'Disclosure of interests in other entities' during the year. The standard requires additional disclosures for the Group's interests in subsidiaries, joint ventures and associates, which are included in notes 10 and 11.

The Group also adopted IFRS 10 'Consolidated financial statements', IFRS 11 'Joint arrangements', IAS 27 'Separate financial statements', IAS 28 (revised) 'Investments in associates and joint ventures' and the amendments to IAS 32 'Financial instruments: Presentation'. These changes have had no significant impact on the financial statements.

New standards and interpretations not yet adopted

The following IFRS standards and amendments and IFRS IC interpretations have been issued by the IASB and have not been early adopted:

- IFRS 9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces IAS 39. IFRS 9 will become effective for the accounting period to June 2019, subject to EU endorsement, and is not expected to have a material impact on the Group's results.
- IFRS 15 'Revenue from contracts with customers' establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. IFRS 15 will become effective for the accounting period to June 2019, subject to EU endorsement. While the Group's accounting policy for revenue will change as a result of adopting IFRS 15, the financial impact is not expected to be material based on an initial assessment.

Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates.

The principal estimates and judgements that could have a significant effect upon the Group's financial results relate to the fair value of unbilled revenue on client assignments, receivables valuation, provisions in respect of client claims, onerous property costs, the fair value of investments and goodwill impairment. In addition, the net deficit or surplus disclosed for each defined benefit pension scheme and subsidiary undertaking annuity provisions are sensitive to movements in the related actuarial assumptions, in particular the discount rate, inflation and mortality. Where appropriate, present values are calculated using discount rates reflecting the currency and maturity of the items being valued. Further details of estimates and judgements are set out in the related notes to the financial statements.

Consolidation

Subsidiary undertakings are entities over which the Group has control. Control is defined as the power to direct the entity's relevant activities, exposure to variable returns from involvement with the entity and the ability to use this power to affect the amount of the returns. Subsidiary undertakings are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

1 Basis of preparation continued

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiary undertakings have been amended where necessary to ensure consistency with the policies adopted by the Group.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated using the rates of exchange at the reporting date and the gains and losses on translation are included in the income statement.

For the purpose of these consolidated financial statements, the results and financial position of each subsidiary undertaking are expressed in pounds sterling, which is the functional currency of the LLP and the presentation currency for the financial statements.

The assets and liabilities of the Group's foreign undertakings are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on consolidation on the retranslation of foreign undertakings are recognised in other comprehensive income.

2 Revenue

Revenue represents amounts recoverable from clients for professional services provided during the year. It is measured at the fair value of consideration received or receivable on each client assignment, including expenses and disbursements but excluding Value Added Tax. Revenue is recognised when the amount can be reliably measured and it is probable that future economic benefits will flow.

Revenue recognition occurs in the period in which services are rendered by reference to the stage of completion, which is assessed on actual services provided as a proportion of total services to be provided.

Revenue in respect of contingent fee assignments, over and above any agreed minimum fee, is recognised when the contingent event occurs.

Unbilled revenue on individual client assignments is included as unbilled amounts for client work within trade and other receivables. Where individual on-account billings exceed revenue on client assignments, the excess is classified as progress billings for client work within trade and other payables.

3 Staff costs

Group

	2015 £m	2014 £m
Salaries	1,132	1,015
Social security costs	117	106
Pension costs in respect of defined contribution scheme (note 20)	81	76
	1,330	1,197

Salaries include wages and salaries, bonuses, employee benefits and termination benefits.

The Group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees before their retirement or providing termination benefits as a result of an offer made to encourage voluntary severance. Termination benefits of £4m are included within salaries for the year to 30 June 2015 (2014: £5m).

The average monthly number of employees during the year was 19,741, including practice support staff of 3,712 (2014: 18,096, including practice support staff of 3,445).

LLP

There were no employees in the LLP during the year (2014: nil).

4 Other operating costs

Depreciation, amortisation and impairment

	2015 £m	2014 £m
Depreciation of property, plant and equipment (note 8)	40	31
Amortisation of intangible assets (note 9)	9	10
Impairment of goodwill (note 9)	1	–
Impairment of investments (note 12)	14	–
	64	41

Other operating charges

Other operating charges include:

	2015 £m	2014 £m
Operating lease rentals:		
Land and buildings	60	64
Plant and machinery	7	8
	67	72

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives are recognised on a straight-line basis over the lease term as a reduction of rental expense.

Total fees and expenses payable to the auditors, Crowe Clark Whitehill LLP, for the year ended 30 June 2015 were £0.5m (2014: £0.5m). This comprised audit fees of £0.4m (2014: £0.4m) relating to the LLP and Group consolidation and other service fees of £0.1m (2014: £0.1m) relating to the audit of subsidiary companies and audit related assurance.

5 Finance expense

	2015 £m	2014 £m
Interest payable	2	2
Unwinding of discount on provisions (note 17)	1	1
Net interest expense on pension scheme (note 20)	1	2
	4	5

6 Tax expense in corporate subsidiaries

Certain companies consolidated in these financial statements are subject to corporate taxes based on their profits for the financial year. Income tax payable on the profits of the LLP and other LLPs consolidated within the Group is solely the personal liability of the individual members of those LLPs and consequently is not dealt with in these financial statements.

The charge to tax, which arises in the corporate subsidiaries included within these financial statements, is:

	2015 £m	2014 £m
Current tax on income of corporate subsidiaries for the year	33	28
Compensating payment due from LLP members	–	(6)
Deferred tax movements (note 19)	(1)	(1)
Tax expense in corporate subsidiaries	32	21

In accordance with UK transfer pricing legislation up to 24 October 2013, the UK corporation tax expense in subsidiary undertakings included an additional amount in respect of the taxable profits of those subsidiaries, the cost of which was met by compensating payments made by LLP members direct to the relevant subsidiaries. Following changes to the transfer pricing legislation, which took effect from 25 October 2013, and consequential changes to the terms of business between the LLP and its subsidiaries, the full UK corporation tax charge is being borne by the relevant subsidiaries and no additional amounts in respect of taxable profits or compensating payments have accrued since that date.

The following table reconciles the tax expense at the standard rate to the actual tax expense:

	2015 £m	2014 £m
Profit on ordinary activities of corporate entities before tax	124	85
Tax expense at UK standard rate of 20.75% (2014: 22.5%)	26	19
Impact of items not deductible for tax purposes	5	6
Foreign taxes not recoverable	1	–
Adjustment to tax charge in respect of prior years	–	(2)
Effect of different tax rates in which the Group operates	–	(2)
	32	21

7 Members' profit shares

The final allocation and distribution of profit to individual members is made after the financial statements have been approved. The Chairman is the member with the largest entitlement to profit. The Executive Board represents key management personnel for the purposes of these financial statements.

The actual distributable profits per member are calculated after deducting their personal obligations to make annuity payments to certain former members and after equity adjustments. Distributable profit shares are presented on a before tax basis as this is considered a more relevant measure of the Group's profitability. Tax comprises members' personal tax and National Insurance contributions, payable on current year distributable profits, and corporation tax on subsidiary profits.

7 Members' profit shares continued

The distributable profit shares before tax for the year to 30 June are:

	2015 Estimate	2014 Actual
Average per member (excluding members on secondment overseas)	£740,000	£722,000
Chairman	£4.0m	£3.7m
Executive Board (2015: 12 members; 2014: 11.5 members)	£23.6m	£21.1m

The average monthly number of LLP members during the year was:

	2015 Number	2014 Number
UK members	849	814
Members on secondment overseas	36	40
	885	854

Excluding members on secondment overseas, the average profit per member based on these financial statements was £889,000 (2014: £873,000), calculated by dividing the total profit available for division among members by the average number of UK members.

Based on the profits shown in these financial statements, the estimated profit attributable to the Chairman is £4.9m (2014: actual £4.5m, estimated £4.5m). The full-time equivalent number of members serving on the Executive Board during the year to 30 June 2015 was 12 (2014: 11.5). The estimated profit attributable to the members of the Executive Board amounts to £28.6m (2014: actual £26.1m, estimated £25.8m).

8 Property, plant and equipment

Group

	Freehold property £m	Leasehold property £m	Fittings, furniture and equipment £m	Total £m
Cost				
At beginning of prior year	6	70	203	279
Additions	–	9	41	50
Disposals	–	(1)	(33)	(34)
At end of prior year	6	78	211	295
Additions	–	1	35	36
Disposals	–	(3)	(10)	(13)
At end of year	6	76	236	318
Accumulated depreciation				
At beginning of prior year	1	15	91	107
Depreciation charge for the year	1	4	26	31
Disposals	–	(1)	(32)	(33)
At end of prior year	2	18	85	105
Depreciation charge for the year	–	5	35	40
Disposals	–	(3)	(9)	(12)
At end of year	2	20	111	133
Net book amount at end of prior year	4	60	126	190
Net book amount at end of year	4	56	125	185

8 Property, plant and equipment continued

Property, plant and equipment is measured at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided on a straight-line basis from the point the asset is available for use over the following estimated useful lives:

Freehold property	50 years
Leasehold property	50 years or shorter leasehold term
Fittings and furniture	10–20 years or shorter leasehold term
Equipment	3–5 years

Repairs and maintenance costs arising on property, plant and equipment are charged to the income statement as incurred.

Group capital commitments relating to property, plant and equipment contracted but not provided for at 30 June 2015 amounted to £5m (2014: £1m). There were no capital commitments in the LLP. Included within property, plant and equipment are £6m (2014: £23m) of assets under construction. The capital commitments contracted but not provided for and assets under construction relate principally to the refurbishment of certain regional offices.

LLP

	Leasehold property £m
Cost	
At beginning of prior year	6
Disposals	(1)
At end of prior year	5
Disposals	(3)
At end of year	2
Accumulated depreciation	
At beginning of prior year	5
Depreciation charge for the year	1
Disposals	(1)
At end of prior year	5
Depreciation charge for the year	–
Disposals	(3)
At end of year	2
Net book amount at end of prior year	–
Net book amount at end of year	–

9 Goodwill and other intangible assets

Group

	Goodwill £m	Customer relationships £m	Computer software £m	Total other intangible assets £m
Cost				
At beginning of prior year	48	9	78	87
Exchange differences	(2)	(1)	–	(1)
Additions	–	–	6	6
Acquisition of subsidiaries	6	–	–	–
Disposals	–	–	(1)	(1)
At end of prior year	52	8	83	91
Exchange differences	1	1	–	1
Additions	–	–	8	8
Final fair value adjustments on prior year acquisitions	(1)	–	–	–
Disposals	–	–	(2)	(2)
At end of year	52	9	89	98
Accumulated amortisation/impairment				
At beginning of prior year	5	4	53	57
Amortisation charge for the year	–	1	9	10
At end of prior year	5	5	62	67
Amortisation charge for the year	–	1	8	9
Impairment charge for the year	1	–	–	–
Disposals	–	–	(2)	(2)
At end of year	6	6	68	74
Net book amount at end of prior year	47	3	21	24
Net book amount at end of year	46	3	21	24

Acquisitions and goodwill

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary undertaking is the fair values of the assets transferred and the liabilities incurred by the Group, including those from any contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill arises where the fair value of the consideration given for a business exceeds the fair value of such assets, liabilities and contingent liabilities. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement. Goodwill arising on acquisitions is capitalised with an indefinite useful life and tested annually for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ('cash generating units'). Goodwill is allocated to the cash generating units that are expected to benefit from the business combination.

During the prior year, the Group acquired a 100% interest in Mokum International Limited (subsequently renamed PwC Change Management Limited), a leading Oracle consultancy in Europe, and a 92% interest in GeoTraceability Limited, which offers specialised global tracking and data collection technology for natural resources. The combined consideration of these acquisitions was £6m and the Group recognised £6m of goodwill, which was attributable to the companies' existing workforce. During the current year, the Group completed the fair value exercise of these acquisitions. As a result, fair value adjustments have been made resulting in a £1m decrease in goodwill.

9 Goodwill and other intangible assets continued

The largest element of the goodwill held within the Group is £29m in respect of the LLP's strategic alliance in the Middle East, which is considered to be a single cash generating unit. The recoverable amount for goodwill has been determined based on value in use, being the present value of future cash flows based on three-year financial budgets approved by management. An average annual revenue growth assumption of 16% has been used (2014: 15%). Cash flows for the periods beyond the approved financial budgets have been extrapolated using a 5% historic long-term GDP annual regional growth rate (2014: 5%). The discount rate applied against the anticipated future cash flows is based on a pre-tax estimated weighted average cost of capital of 12% (2014: 12%). A reasonable change in the key assumptions does not have a significant impact on the difference between value in use and the carrying value.

Other intangible assets

Customer relationship intangible assets are recognised at fair value on the acquisition of a business and are amortised on a straight-line basis over the expected useful economic life of the relationship, typically three to ten years.

Computer software comprises purchased software licences and costs directly associated with the development of software for internal use, which will generate future economic benefits. Computer software is measured at cost less accumulated amortisation and any recognised impairment loss. Amortisation is provided on a straight-line basis over the expected useful economic lives, typically three to five years.

Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets, other than goodwill, that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

LLP

	Goodwill £m	Customer relationships £m	Computer software £m	Total other intangible assets £m
Cost				
At beginning of prior year	6	1	14	15
Additions	–	–	1	1
At end of prior year	6	1	15	16
Additions	–	–	–	–
At end of year	6	1	15	16
Accumulated amortisation/impairment				
At beginning of prior year	–	1	9	10
Amortisation charge for the year	–	–	3	3
At end of prior year	–	1	12	13
Amortisation charge for the year	–	–	2	2
At end of year	–	1	14	15
Net book amount at end of prior year	6	–	3	3
Net book amount at end of year	6	–	1	1

10 Investments in subsidiaries

	2015 £m	2014 £m
Shares in subsidiary undertakings		
Cost		
At beginning of year	71	53
Additions	–	22
Capital repayments	(2)	(4)
At end of year	69	71
Accumulated impairment		
At beginning of year	3	3
Impairment charge for the year	9	–
At end of year	12	3
Net book amount at end of prior year	68	50
Net book amount at end of year	57	68

Investments in subsidiaries are measured at cost less impairment.

The financial statements consolidate the results and financial position of the Group, including all subsidiary undertakings. The subsidiary undertakings whose results or financial position principally affected the figures shown in the Group's financial statements are listed in note 26.

Additions to investments in subsidiaries during the year to 30 June 2014 comprised primarily a capital investment of £21m in PricewaterhouseCoopers ME Holdings No. 1 LLP, relating to the Group's investment in PwC Strategy& Parent (UK) Limited, as described in note 12.

Following the Solicitors Regulation Authority's approval of an Alternative Business Structure, PricewaterhouseCoopers LLP became a member of PricewaterhouseCoopers Legal LLP during the prior year.

Non-controlling interests in subsidiary undertakings

The non-controlling interest profits and capital attributable to the members of PricewaterhouseCoopers Legal LLP and PricewaterhouseCoopers CI LLP and to the Middle East partners of PricewaterhouseCoopers (Middle East Group) Limited are shown as non-controlling interests in the consolidated financial statements.

PricewaterhouseCoopers (Middle East Group) Limited is the only subsidiary with a non-controlling interest that is material to the Group. The accumulated non-controlling interest of this subsidiary at 30 June 2015 was a deficit of £30m (2014: deficit of £26m). The Group owns 100% of the ordinary shares of PricewaterhouseCoopers (Middle East Group) Limited and the local Middle East partners own 'B' shares. The 'B' shares provide certain income access rights for local Middle East partners.

10 Investments in subsidiaries continued

Set out below is summarised financial information for PricewaterhouseCoopers (Middle East Group) Limited, before any inter-company eliminations:

Summarised statement of financial position

	2015 £m	2014 £m
Current		
Assets	142	130
Liabilities	(116)	(102)
Total current net assets	26	28
Non-current		
Assets	40	37
Local partner capital	(47)	(38)
Other liabilities	(16)	(20)
Total non-current net assets	(23)	(21)
Net assets	3	7
Equity attributable to:		
Members	33	33
Non-controlling interests	(30)	(26)
Total equity	3	7

Summarised income statement

	2015 £m	2014 £m
Revenue	285	236
Profit before income tax expense	54	49
Income tax expense	(6)	(3)
Other comprehensive income	–	–
Total comprehensive income	48	46
Total comprehensive income allocated to non-controlling interests	48	46

Summarised cash flows

	2015 £m	2014 £m
Cash generated from operations	81	53
Income tax paid	(5)	(2)
Net cash generated from operating activities	76	51
Net cash outflow from investing activities	(6)	(3)
Net cash outflow from financing activities	(65)	(48)
Net increase in cash and cash equivalents	5	–
Cash and cash equivalents and bank overdrafts at beginning of year	(33)	(33)
Cash and cash equivalents at end of year	(28)	(33)

11 Interests in joint ventures

The Group's interest in jointly controlled entities is consolidated using the equity method of accounting. The investment is initially recognised at cost and the carrying value is increased or decreased to recognise the Group's share of the profit or loss of the joint venture after the date of acquisition. The Group's share of profit or loss is recognised in the income statement with a corresponding adjustment to the carrying amount of the investment.

The Group holds an interest in a joint venture, Skyval Holdings LLP, which develops, maintains and licenses pension-related software. The Group has 50% voting control and owns 20% of the equity, with a 50% share of the profits and losses over the first three years, reducing to 20% thereafter. The Group also holds licences for the exclusive use of Skyval software, which are recognised within intangible assets.

At 30 June 2015, Skyval Holdings LLP had assets of £3m (2014: £5m) and liabilities of £1m (2014: £3m). For the financial year to 30 June 2015, Skyval Holdings LLP's revenue was £5m (2014: £5m) and profit was £1m (2014: nil).

12 Other investments

	Group		LLP	
	2015 £m	2014 £m	2015 £m	2014 £m
Investments measured at fair value	67	71	–	50
Investments measured at cost less impairment	18	15	18	15
	85	86	18	65

Other investments are measured at fair value except where there is no reliable measure of their fair value, in which case they are measured at cost less impairment. The Group's equity holding in PwC Strategy& Parent (UK) Limited ('Strategy& Parent') is measured at fair value. Strategy& is a global strategy consulting organisation. All other investments are measured at cost less impairment and include equity holdings in, and preference shares and subordinated loan notes from, entities in the PwC global network.

Income from investments is recognised in the income statement when entitlement is established.

Investments measured at fair value

The Group acquired an equity holding in Strategy& Parent during the prior year for £71m, comprising an initial payment of £23m and a commitment to provide further capital funding, estimated at £48m to be paid over four years, of which £25m was to be paid within one year.

During the year, the total capital investment commitment increased by £10m and £41m of capital funding payments were made to Strategy& Parent. As at 30 June 2015, the Group was committed to make £17m of further investment in Strategy& Parent. This was settled on 1 July 2015 as part of the acquisition of the United Kingdom and Middle East Strategy& businesses. Refer to note 25 for further details of this acquisition.

A valuation using level 3 inputs based on unobservable data has been performed to determine the fair value of the investment in Strategy& Parent as at 30 June 2015. In undertaking this valuation, due regard has been taken of the nature of the investment in Strategy& Parent and of the subsequent acquisition of the United Kingdom and Middle East Strategy& businesses.

The valuation used projected net revenues of the United Kingdom and Middle East Strategy& businesses of £85m valued at a multiple of 0.88, with the resulting value adjusted for forecast working capital requirements. As such, a change in the projected revenue, multiple used or projected working capital requirements would lead to a change in the resulting fair value. The range of reasonable multiples used in the valuation was 0.80 to 0.92. The variance within this range, together with the interdependent impact on working capital requirements, would not materially change the calculated fair value.

12 Other investments continued

Movements in fair value during the year were:

	Group		LLP	
	2015 £m	2014 £m	2015 £m	2014 £m
Fair value at beginning of year	71	–	50	–
Additions	10	71	–	50
Charge recognised in profit and loss	(14)	–	(5)	–
Sale of equity	–	–	(45)	–
Fair value at end of year	67	71	–	50

Investments measured at cost less impairment

	Group		LLP	
	2015 £m	2014 £m	2015 £m	2014 £m
Cost and net book amount				
At beginning of year	15	8	15	8
Additions	3	7	3	7
At end of year	18	15	18	15

During the year, the Group acquired a further equity holding of £1m in PwC Network Holdings Pte Limited, a company which provides investment funding to certain member firms of the PwC global network.

During the year, the Group also invested in £2m (2014: £3m) of preference shares issued by the PwC Central and Eastern European firm as part of a strategic investment plan.

During the prior year, the Group acquired £4m of additional subordinated loan notes from an entity in the PwC global network.

13 Trade and other receivables

	Group		LLP	
	2015 £m	2014 £m	2015 £m	2014 £m
Client receivables	449	420	381	348
Due from PwC network firms	53	35	46	31
Trade receivables	502	455	427	379
Amounts due from members	–	7	–	–
Other receivables	45	32	14	5
Prepayments	60	45	4	2
Unbilled amounts for client work	324	300	259	251
	931	839	704	637

Trade receivables are measured initially at fair value and held at amortised cost less provisions for impairment. Provisions for impairment represent an allowance for doubtful debts that is estimated, based upon current observable data and historical trends.

Unbilled amounts for client work are measured initially at fair value and held at amortised cost less provisions for foreseeable losses.

13 Trade and other receivables continued

Group and LLP trade receivables are primarily denominated in sterling. £84m of the Group's trade receivables are denominated in US dollars/US dollar linked currencies (2014: £79m) and £15m are denominated in euros (2014: £14m). The carrying value of trade and other receivables in the Group and LLP is consistent with fair value in the current and prior year.

The other classes of assets within trade and other receivables are primarily denominated in sterling and do not contain impaired assets.

The ageing and credit risk relating to trade receivables is analysed as follows:

	Group		LLP	
	2015 £m	2014 £m	2015 £m	2014 £m
30 days or less, fully performing	324	282	277	246
31 to 180 days, past due and fully performing	173	166	148	132
More than 180 days, past due and impaired	20	22	13	13
Impairment provision	(15)	(15)	(11)	(12)
	502	455	427	379

Movements in the impairment provision on trade receivables were as follows:

	Group		LLP	
	2015 £m	2014 £m	2015 £m	2014 £m
Balance at beginning of year	(15)	(16)	(12)	(12)
Charged to the income statement	(9)	(9)	(6)	(6)
Released unused during the year	5	6	4	3
Utilised during year	4	4	3	3
Balance at end of year	(15)	(15)	(11)	(12)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

14 Cash and cash equivalents

	Group		LLP	
	2015 £m	2014 £m	2015 £m	2014 £m
Cash at bank and in hand	48	38	4	6
Short-term deposits	205	223	202	208
	253	261	206	214

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Fair values of cash and cash equivalents approximate to carrying value owing to the short maturity of these instruments.

Group cash and cash equivalent balances are primarily denominated in sterling, with £20m being denominated in US dollars/US dollar linked currencies (2014: £20m) and £4m being denominated in euros (2014: nil).

15 Trade and other payables

	Group		LLP	
	2015 £m	2014 £m	2015 £m	2014 £m
Current				
Trade payables	114	105	–	–
Amounts owed to Group undertakings	–	–	273	217
Other payables including taxation and social security	138	148	19	50
Accruals	321	282	7	10
Progress billings for client work	122	119	101	105
	695	654	400	382

Trade and other payables are measured at amortised cost.

Group trade payables are primarily denominated in sterling, with £40m being denominated in US dollars/US dollar linked currencies (2014: £32m) and £19m being denominated in euros (2014: £16m). The carrying value of trade and other payables in the Group and LLP is consistent with fair value in the current and prior year. Group current trade payables include amounts owing to PwC network firms totalling £74m (2014: £70m).

Other current payables including taxation and social security comprise:

	Group		LLP	
	2015 £m	2014 £m	2015 £m	2014 £m
Other taxes and social security	97	92	–	–
Deferred capital investment obligation (note 12)	17	25	–	25
Other payables	24	31	19	25
	138	148	19	50

Other non-current liabilities

	Group		LLP	
	2015 £m	2014 £m	2015 £m	2014 £m
Capital loans provided by non-controlling interest partners in subsidiary undertakings	52	41	–	–
Deferred capital investment obligation (note 12)	–	23	–	23
	52	64	–	23

16 Borrowings

	Group		LLP	
	2015 £m	2014 £m	2015 £m	2014 £m
Current				
Bank borrowings	30	34	–	–
Other loans	14	12	–	–
	44	46	–	–
Non-current				
Other loans	–	6	–	–
	–	6	–	–
Total borrowings	44	52	–	–

Borrowings are initially measured at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. The carrying values of borrowings approximate their fair value.

16 Borrowings continued

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The Group's borrowings at 30 June 2015 and 30 June 2014 were unsecured and denominated in US dollars.

All borrowings mature within one year.

17 Provisions and contingent liabilities

Group

	Annuities £m	Property £m	Client claims £m	Total £m
Balance at beginning of prior year	18	21	17	56
Income statement:				
Charge for the year	1	3	6	10
Released unused during the year	–	(1)	(3)	(4)
Unwinding of discount	1	–	–	1
Exchange gains	(2)	–	–	(2)
Transfer to accruals	–	(5)	–	(5)
Cash payments	(1)	(4)	(6)	(11)
Balance at end of prior year	17	14	14	45
Income statement:				
Charge for the year	3	4	6	13
Released unused during the year	–	(1)	(2)	(3)
Unwinding of discount	1	–	–	1
Exchange gains	1	–	–	1
Transfer to accruals	–	(1)	–	(1)
Cash payments	(2)	(3)	(6)	(11)
Balance at end of year	20	13	12	45

LLP

	Property £m	Client claims £m	Total £m
Balance at beginning of prior year	9	16	25
Income statement:			
Charge for the year	2	6	8
Released unused during the year	–	(3)	(3)
Transfer to accruals	(3)	–	(3)
Cash payments	(3)	(6)	(9)
Balance at end of prior year	5	13	18
Income statement:			
Charge for the year	1	6	7
Released unused during the year	–	(2)	(2)
Transfer to accruals	(1)	–	(1)
Cash payments	(3)	(6)	(9)
Balance at end of year	2	11	13

17 Provisions and contingent liabilities continued

Disclosed as:

	Group		LLP	
	2015 £m	2014 £m	2015 £m	2014 £m
Current	1	3	1	3
Non-current	44	42	12	15
	45	45	13	18

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Non-current provisions are measured at their present value. The discount rates used are based on the yield on corporate bonds, adjusted for risk.

Annuities

The Group financial statements consolidate the provision made for the annuities payable by certain subsidiary undertakings to the non-controlling interest partners in those undertakings, principally in relation to the Middle East. These partners are not members of the LLP and the annuities are unfunded. The provision reflects the present value of the obligations arising from service to date. Any changes in the provision for these annuities arising from changes in entitlements, financial estimates or actuarial assumptions are recognised in the income statement. The unwinding of the discount is presented in the income statement as a finance expense. When the entitled individuals retire and their annuities come into payment, these payments are shown as a movement against the provision.

The principal actuarial assumptions that have been used in calculating the annuities provision are an assumed retirement age of 57 (2014: assumed retirement age of 57), discount rates of 5.3% for US dollar denominated annuities (2014: 5.7%) and 3.4% for sterling denominated annuities (2014: 4.3%) and inflation rates of 2.3% for US dollar denominated annuities (2014: 2.3%) and 3.0% for sterling denominated annuities (2014: 3.3%).

Members of the LLP are required to make their own provision for pensions and do so mainly through contributions to personal pension policies and other appropriate investments. Members, in their capacity as partners in the PricewaterhouseCoopers United Kingdom Partnership, have agreed to pay pension annuities and other post-retirement payments to certain former partners of that partnership and the widows and dependants of deceased former partners. These annuities and other post-retirement payments are personal obligations of the individuals and are not obligations of, or guaranteed by, the LLP or its subsidiary undertakings. Accordingly, these annuities are not recognised within these financial statements.

Property

Provisions are recognised for obligations under property contracts that are onerous and to restore premises to their original condition upon vacating them, where such an obligation exists under the lease. The provisions are based on estimated future cash flows that have been discounted to present value, with the unwinding of that discount presented in the income statement as a finance expense. The onerous lease provision covers residual lease commitments up to the end of the lease and is after allowing for existing or expected sublet rental income, with most of the provision expecting to unwind within one year.

The property provisions are based on estimated future cash flows that have been discounted to present value at an average rate of 3.3% (2014: 3.5%).

Client claims

In common with comparable professional practices, the Group is involved in a number of disputes in the ordinary course of business which may give rise to claims. Provision representing the cost of defending and concluding claims is made in the financial statements for all claims where costs are likely to be incurred and can be measured reliably. The Group carries professional indemnity insurance and no separate disclosure is made of the detail of claims or the costs covered by insurance, as to do so could seriously prejudice the position of the Group.

Contingent liabilities

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements, but are disclosed unless they are remote. Details of contingent liabilities relating to client claims are not disclosed in line with the policy above.

17 Provisions and contingent liabilities continued

Where financial guarantees are recognised, they are initially measured at fair value and subsequently measured at the higher of their initial fair value, less amounts recognised in the income statement, and the best estimate of the amount that will be required to settle the obligation. The carrying value of the guarantees disclosed below is nil (2014: nil).

Together with other entities in the PwC global network, the LLP has cross-guaranteed the aggregate commitment to invest further capital in Strategy& Parent. At 30 June 2015, the amount guaranteed by the LLP was US $33m (2014: US $76m).

The Group has entered into US $24m (2014: US $14m) of guarantees with third-party banks in connection with work performed in foreign territories, predominantly the Middle East.

The LLP has entered into a US $52m (2014: US $52m) loan guarantee with a third-party bank in connection with a loan to an entity in the PwC global network.

The LLP has provided guarantees in respect of the future lease commitments of PricewaterhouseCoopers Services Limited, a subsidiary company, totalling £702m over the remaining lease terms (2014: £724m). The majority of these commitments relate to the office premises at 7 More London and 1 Embankment Place.

The LLP guarantees the bank borrowings of PricewaterhouseCoopers Services Limited, which are included in the consolidated statement of financial position. At 30 June 2015, PricewaterhouseCoopers Services Limited's bank borrowings were nil (2014: nil).

The Group is committed to provide funding to three entities in the PwC global network. At 30 June 2015, the Group has committed, subject to certain investment conditions, to make additional payments of up to US $123m (2014: US $105m).

18 Members' capital

	Group and LLP £m
Balance at beginning of prior year	189
Contributions by members	37
Repayments to members	(18)
Balance at end of prior year	208
Contributions by members	14
Repayments to members	(13)
Balance at end of year	209

Capital attributable to members retiring within one year is shown as current as it will be repaid within 12 months of the reporting date. Total members' capital analysed by repayable dates is as follows:

	Group and LLP 2015 £m	Group and LLP 2014 £m
Current	13	9
Non-current	196	199
	209	208

Members' capital is classified as a financial liability. The carrying value of members' capital is consistent with fair value in the current and prior year.

Members' capital contributions are determined by the Executive Board with the approval of the Supervisory Board, having regard to the working capital needs of the business. Individual members' capital contributions are set by reference to equity unit profit share proportions and are not repayable until the member retires. Members are required to provide one year's notice of retirement.

19 Deferred tax

The movements in the Group's deferred tax assets and liabilities during the year were as follows:

	2015 £m	2014 £m
Balance of deferred tax assets at beginning of year	–	–
Credited to the income statement	1	–
Balance of deferred tax assets at end of year	1	–

	2015 £m	2014 £m
Balance of deferred tax liabilities at beginning of year	–	(1)
Charged to the income statement	–	1
Balance of deferred tax liabilities at end of year	–	–

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities relate to temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, recognised using the liability method.

Deferred tax is measured at the tax rates that are substantively enacted at the reporting date and expected to apply in the periods in which the temporary differences reverse.

Deferred tax is calculated using a tax rate of 21% for the period to 31 March 2015 and 20% thereafter (2014: 23% for the period to 31 March 2014 and 21% thereafter).

There was no deferred tax arising in the LLP for the years to 30 June 2015 and 30 June 2014.

20 Retirement benefits

Defined contribution scheme

As at the end of June 2015 there were 14,647 members of the Group's United Kingdom defined contribution scheme (2014: 13,283), of which 3,644 members were auto enrolled (2014: 3,111). The Group's contributions to the scheme are charged to the income statement as they fall due. Costs of £81m (2014: £76m) were recognised by the Group in respect of the scheme. Costs of the defined contribution scheme in the LLP were nil (2014: nil).

Defined benefit schemes

The Group's two defined benefit pension schemes are the PwC Pension Fund ('the Fund') and the DH&S Retirement and Death Benefits Plan ('the Plan'). Both of the Group's defined benefit pension scheme arrangements are closed to future service accrual, although certain current employee member benefits remain linked to final salary. Both schemes are funded and their assets are held separately from those of the Group. The liabilities arising in the defined benefit schemes have been assessed for accounting purposes using individual member data as at 31 March 2014 and the projected unit credit method.

The net deficit or surplus in each scheme is calculated in accordance with IAS 19 (revised), based on the present value of the defined benefit obligation at the reporting date, less the fair value of the scheme assets.

The Group's income statement includes the net interest on the net defined benefit asset or liability. Past service costs arising from changes to scheme benefits are recognised immediately in the income statement, unless the benefits are conditional on the employees remaining in service for a specified period of time, in which case the past service costs are amortised over that vesting period.

Actuarial gains and losses are recognised in full in other comprehensive income in the period in which they arise. Other income and expenses associated with the defined benefit schemes are recognised in the income statement.

20 Retirement benefits continued

Assumptions

The principal actuarial assumptions used for the purposes of these financial statements are:

	2015	2014	2013
Discount rate	3.7%	4.3%	4.6%
Inflation (RPI)	3.1%	3.3%	3.3%
Inflation (CPI)	2.1%	2.3%	2.3%
Expected rate of increase in salaries	2.5%	2.9%	2.8%
Expected rate of increase in pensions in payment	2.7%	2.8%	2.8%

The majority of liabilities for the Fund and the Plan are indexed on an RPI basis, while future increases to deferred member pensions before retirement increase using CPI.

Sensitivity analysis

The following table shows the sensitivity of the present value of the defined benefit obligations to changes in each of the individual principal actuarial assumptions:

	Fund Increase £m	Plan Increase £m	Total £m
0.5% decrease to discount rate	124	74	198
0.5% increase to salary increases	4	2	6
0.5% increase to inflation	63	38	101
One year increase to life expectancy	32	20	52

The methods and assumptions used in the sensitivity analysis above have been updated in the current year to reflect the move to a cash flow weighted approach to setting the discount rate and inflation assumptions.

The figures used in these financial statements assume that the mortality of the schemes' members will be in line with nationally published S1NA mortality tables, adjusted to reflect the longer life expectancy of members of the Group's schemes versus the standard table by a one year age rating for males and a half a year age rating for females, and with future improvements in line with Continuous Mortality Investigation (CMI) 2009 projections, with a 1.25% long-term rate. The following table illustrates the actual life expectancy for a current pensioner member aged 65 at 30 June and a future pensioner member aged 45 at 30 June:

	2015		2014	
	Fund Years	Plan Years	Fund Years	Plan Years
Life expectancy of current pensioners at age 65:				
Male	23.4	23.4	23.3	23.3
Female	25.3	25.3	25.2	25.2
Life expectancy of future pensioners at age 65:				
Male	25.3	25.3	25.1	25.1
Female	27.2	27.2	27.2	27.2

Income statement

The amounts recognised in the consolidated income statement are as follows:

	2015			2014		
	Fund £m	Plan £m	Total £m	Fund £m	Plan £m	Total £m
Net interest expense	(1)	–	(1)	(2)	–	(2)
Past service costs	–	–	–	(3)	–	(3)
	(1)	–	(1)	(5)	–	(5)

20 Retirement benefits continued

Scheme assets and defined benefit obligation

The amounts recognised in the Group and LLP statements of financial position and the analysis of the movement in the defined benefit scheme assets and obligations are as follows:

	Fund			Plan			
	Scheme assets £m	Defined benefit obligation £m	Total £m	Scheme assets £m	Defined benefit obligation £m	Total £m	Total £m
Fair value at beginning of prior year	1,180	(1,216)	(36)	647	(644)	3	(33)
Net interest on defined benefit obligations	54	(56)	(2)	30	(30)	–	(2)
Past service costs	–	(3)	(3)	–	–	–	(3)
Remeasurement gains (losses):							
Return on plan assets excluding amounts included in net interest	44	–	44	19	–	19	63
Changes in financial assumptions	–	(71)	(71)	–	(37)	(37)	(108)
Contributions by employer	17	–	17	9	–	9	26
Benefits paid	(33)	33	–	(17)	17	–	–
Fair value at end of prior year	1,262	(1,313)	(51)	688	(694)	(6)	(57)
Net interest on defined benefit obligations	54	(55)	(1)	29	(29)	–	(1)
Remeasurement gains (losses):							
Return on plan assets excluding amounts included in net interest	150	–	150	80	–	80	230
Changes in financial assumptions	–	(113)	(113)	–	(61)	(61)	(174)
Experience adjustments on defined benefit obligation	–	9	9	–	(10)	(10)	(1)
Contributions by employer	16	–	16	5	–	5	21
Benefits paid	(43)	43	–	(19)	19	–	–
Fair value at end of year	1,439	(1,429)	10	783	(775)	8	18

Contributions paid during the year to 30 June 2015 include £20m of deficit reduction contributions.

The actual return on scheme assets during the year to 30 June 2015 was an increase of £313m (2014: £147m increase). The allocation and market value of assets of the defined benefit schemes were as follows:

	2015			2014		
	Fund £m	Plan £m	Total £m	Fund £m	Plan £m	Total £m
Equities	9	4	13	346	155	501
Property	63	35	98	61	34	95
Hedge funds	284	151	435	122	65	187
Bonds	175	130	305	280	187	467
Gilts	801	396	1,197	390	212	602
Cash	93	67	160	50	28	78
Other	14	–	14	13	7	20
Total scheme assets	1,439	783	2,222	1,262	688	1,950
Defined benefit obligation	(1,429)	(775)	(2,204)	(1,313)	(694)	(2,007)
Net retirement benefit asset (obligation)	10	8	18	(51)	(6)	(57)

Whilst the scheme asset mix has changed noticeably during the year to 30 June 2015, particularly the reduction in equity holdings, the exposure to the equity markets has been maintained via derivative contracts. Both the Fund and the Plan have significant liability driven investments (LDI), the purpose of which is to reduce the exposure of the Fund and the Plan to changes in interest rates and inflation expectations. The LDI holdings are primarily made up of fixed interest gilts, inflation-linked gilts and derivatives.

20 Retirement benefits continued

Future cash funding

Both schemes are valued formally every three years by independent actuaries. The most recent finalised full actuarial valuations for both the Fund and the Plan were as at 31 March 2011, conducted under the new Scheme Funding Regulations (Pensions Act 2004). The 31 March 2014 valuation is currently underway. These valuations formed the basis for the update to 30 June 2015 used in these financial statements. For the year ended 30 June 2015, Mercer Ltd was the actuary for the Fund and the Plan. The Group currently expects to pay contributions of £20m in the year to 30 June 2016.

21 Total members' interests

During the year, the Executive Board sets the level of interim profit allocations and members' monthly drawings after considering the working capital needs of the Group. The final allocation of profits and distribution to members is made after assessing each member's contribution for the year and after the annual financial statements are approved. Unallocated profits are included in reserves within members' equity. To the extent that interim profit allocations exceed drawings, the excess profit is included in the statement of financial position under trade and other payables. Where drawings exceed the allocated profits, the excess is included in trade and other receivables. The same treatment is used for members who retire during the year.

Group

	Members' interests				Non-controlling interests	
	Members' capital £m	Reserves £m	Amounts due to (from) members £m	Total £m	Reserves £m	Amounts due to (from) non-controlling interests £m
Balance at beginning of prior year	189	346	(19)	516	(16)	–
Profit for the prior year available for division among members	–	711	–	711	61	–
	189	1,057	(19)	1,227	45	–
Allocated profit	–	(644)	644	–	(57)	57
Movement on cash flow hedges	–	(3)	–	(3)	–	–
Remeasurements of retirement benefits	–	(45)	–	(45)	–	–
Translation of foreign operations	–	–	–	–	(2)	–
Introduced by members	37	–	–	37	–	–
Repayment of capital	(18)	–	–	(18)	–	–
Drawings and distributions	–	–	(644)	(644)	–	(57)
Movement in compensating payment due to subsidiary undertakings	–	–	12	12	–	–
Balance at end of prior year	208	365	(7)	566	(14)	–
Profit for the current year available for division among members	–	755	–	755	63	–
	208	1,120	(7)	1,321	49	–
Allocated profit	–	(684)	684	–	(65)	65
Movement on cash flow hedges	–	5	–	5	–	–
Remeasurements of retirement benefits	–	55	–	55	–	–
Introduced by members	14	–	–	14	–	–
Repayment of capital	(13)	–	–	(13)	–	–
Drawings and distributions	–	–	(684)	(684)	–	(65)
Movement in compensating payment due to subsidiary undertakings	–	–	7	7	–	–
Balance at end of year	209	496	–	705	(16)	–

21 Total members' interests continued

LLP

	Members' capital £m	Reserves £m	Amounts due to (from) members £m	Total £m
Balance at beginning of prior year	189	326	–	515
Profit for the prior year available for division among members	–	668	–	668
	189	994	–	1,183
Allocated profit	–	(644)	644	–
Remeasurements of retirement benefits	–	(45)	–	(45)
Introduced by members	37	–	–	37
Repayment of capital	(18)	–	–	(18)
Drawings and distributions	–	–	(644)	(644)
Balance at end of prior year	208	305	–	513
Profit for the current year available for division among members	–	712	–	712
	208	1,017	–	1,225
Allocated profit	–	(684)	684	–
Remeasurements of retirement benefits	–	55	–	55
Introduced by members	14	–	–	14
Repayment of capital	(13)	–	–	(13)
Drawings and distributions	–	–	(684)	(684)
Balance at end of year	209	388	–	597

Amounts due to (from) members represent allocated profits not yet paid to members and are due within one year. In the event of a winding-up, members' reserves rank after unsecured creditors.

22 Commitments under operating leases

The Group's total commitments under non-cancellable operating leases, together with the obligations by maturity, are as follows:

	2015		2014	
	Land and buildings £m	Other assets £m	Land and buildings £m	Other assets £m
Within one year	44	5	44	5
1–2 years	57	3	43	3
2–3 years	56	1	58	1
3–4 years	53	–	55	–
4–5 years	47	–	50	–
More than five years	564	–	600	–

23 Financial instruments

Financial instruments are initially measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Derivatives, such as forward foreign-exchange contracts, are held or issued in order to manage the Group's currency and interest rate risks arising from its operations and sources of finance. The fair values of all derivatives are based on their quoted price in an active market. Hedge accounting is applied where the relevant criteria are met. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income or expense within the statement of comprehensive income. The gain or loss relating to any ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, for example, when the forecast sale that is hedged takes place.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Financial risk management and management of capital

The Group's objectives when managing capital are to safeguard the Group's ability to operate as a going concern and to maintain an optimal capital structure to cover the expected peak cash requirements of the business. The Group's capital comprises members' capital, undistributed profits and borrowing facilities. The Group holds or issues financial instruments in order to finance its operations and manage foreign currency and interest rate risks arising from its operations and sources of finance. The principal financial instruments, other than derivatives, held or issued by the Group are:

- Trade and other receivables – The balance primarily represents billed and unbilled amounts in respect of services provided to clients, for which payment has not yet been received.
- Cash and cash equivalents – The Group manages its cash resources in order to meet daily working capital requirements. Cash and any outstanding debt are kept to a minimum and liquid fund deposits are maximised.
- Trade and other payables – The balance primarily represents progress billings to clients and trade payables and accruals in respect of services received from suppliers, for which payment has not yet been made.
- Members' capital – The Group requires members to provide long-term financing, which is classified as a liability.
- Debt – The Group's policy permits short-term variable rate facilities with a maximum facility maturity of five years and long-term fixed borrowing with a maximum maturity of ten years.

The Executive Board determines the treasury policies of the Group. These policies, designed to manage risk, relate to specific risk areas that management wish to control, including liquidity, credit risk, interest rate and foreign currency exposures. No speculative trading is permitted and hedging is undertaken against specific exposures to reduce risk.

Liquidity risk

The Group's most significant treasury exposures relate to liquidity. The Group manages the risk of uncertainty in its funding operations by spreading the maturity profile of its borrowings and deposits. Committed facilities are arranged to provide a minimum headroom of 25% of forecast maximum debt levels. The Group's facilities at 30 June 2015 totalling £434m (2014: £376m) are predominantly held with five leading international banks, with the main £250m facility due to expire in December 2019.

Credit risk

Cash deposits and other financial instruments with banks and financial institutions give rise to counterparty risk. The Group manages this counterparty risk by reviewing their credit ratings regularly and limiting the aggregate amount and duration of exposure to any one counterparty, taking into account its credit rating, market capitalisation and relative credit default swap price. The minimum long-term credit rating of all banks and financial institutions who held the Group's short-term deposits during the year was BBB+.

The Group's other significant credit risk relates to receivables from clients. Exposure to that risk is monitored on a routine basis and credit evaluations are performed on clients as appropriate. The Group's exposure is influenced mainly by the individual characteristics of each client. Risk is managed by maintaining close contact with each client and by routine billing and cash collection for work done.

23 Financial instruments continued

Interest rate risk

The Group's borrowings and any surplus cash balances are held at variable interest rates linked to London interbank offered rate (LIBOR). Outstanding borrowings are in US dollars to reflect the composition of the Group's assets that the borrowings are funding. A movement of 50 basis points in the interest rate on borrowings and surplus cash balances through the year would have had an immaterial impact on the pre-tax profits of the Group.

Foreign currency risk

The major part of the Group's income and expenditure is in sterling. Other than the Middle East business, fees and costs denominated in foreign currencies are mainly in connection with professional indemnity insurance and transactions with PwC network firms. The Group seeks to minimise its exposure to fluctuations in exchange rates by hedging against foreign currency exposures. These hedges are designated as cash flow hedges where the necessary criteria are met. The Group's policy is to enter into forward or derivative transactions as soon as economic exposures are recognised.

Group financial assets and liabilities by category

	2015				2014			
	Loans and receivables £m	Available-for-sale £m	Derivatives used for hedging £m	Other financial liabilities £m	Loans and receivables £m	Available-for-sale £m	Derivatives used for hedging £m	Other financial liabilities £m
Assets								
Trade and other receivables	871	–	–	–	794	–	–	–
Investments	–	85	–	–	–	86	–	–
Cash and cash equivalents	253	–	–	–	261	–	–	–
Liabilities								
Trade and other payables	–	–	–	598	–	–	–	562
Borrowings	–	–	–	44	–	–	–	52
Members' capital	–	–	–	209	–	–	–	208
Other non-current liabilities	–	–	–	52	–	–	–	64
Forward foreign-exchange contracts								
Cash flow hedges	–	–	1	–	–	–	(4)	–

Interest rate profile of financial assets and financial liabilities

Group short-term deposits with banks of £205m (2014: £223m) and Group borrowings of £44m (2014: £52m) are subject to floating interest rates. LLP short-term deposits with banks of £202m (2014: £208m) are also subject to floating interest rates. Group and LLP investments include floating rate subordinated loan notes of £6m (2014: £6m).

Currency profile of financial assets and liabilities

The major part of the Group's income and expenditure is in sterling. After taking into account forward contracts and known US dollar and euro denominated assets and liabilities, the Group had net US dollar denominated assets at 30 June 2015 of £48m (2014: £27m) and net euro denominated assets at 30 June 2015 of £4m (2014: £4m).

Derivative financial instruments

Forward foreign-exchange contracts all mature in less than two years, and have been valued using forward market prices prevailing at the reporting date. The ineffective portion of cash flow hedges recognised in the income statement was nil (2014: nil). The effective portion of cash flow hedges recognised directly in other comprehensive income was £5m (2014: £3m in other comprehensive expense). The notional principal amount of forward foreign-exchange contracts was £107m (2014: £83m).

24 Related party transactions

The LLP and the PricewaterhouseCoopers United Kingdom Partnership are related parties because they are both controlled by the same group of individuals and the United Kingdom Partnership is the predecessor firm of the LLP. This controlling group of individuals consists of all the members of the LLP who are also all the members of the United Kingdom Partnership. Related party transactions with the United Kingdom Partnership and other related parties are summarised below.

Services provided to PricewaterhouseCoopers United Kingdom Partnership in respect of client assignments

Arrangements are in place for the LLP to supply services to the United Kingdom Partnership in connection with certain client assignments. For the year ended 30 June 2015, the LLP provided services to the United Kingdom Partnership to the value of £216,000 (2014: £229,000) under these arrangements. There were no balances outstanding at the end of the year (2014: nil).

Administrative support to PricewaterhouseCoopers United Kingdom Partnership

On behalf of its members, the LLP provides certain administrative services to support the United Kingdom Partnership, including the calculation of annuities and paying agent arrangements in connection with the pension annuities and certain other post-retirement payments due to certain former members of that partnership. The LLP charged the United Kingdom Partnership £200,000 for these support services for the year ended 30 June 2015 (2014: £200,000). There were no balances outstanding at the end of the year (2014: nil). Amounts paid during the year to the annuitants on behalf of the continuing members in their capacity as members of the United Kingdom Partnership totalled £95m (2014: £91m).

Transactions with joint ventures

Details of the Group's interests in joint ventures are provided in note 11. During the year, Skyval Limited, a wholly-owned subsidiary of Skyval Holdings LLP, charged the Group £5,346,000 (2014: £4,334,000) for services provided. The Group charged Skyval Limited £832,000 (2014: £915,000) for services provided. At 30 June 2015, the Group had an outstanding balance of £166,000 receivable from Skyval Limited (2014: £143,000).

LLP

The subsidiary undertakings described in note 26 are related parties of the LLP. The transactions during the financial year with these related parties were as follows:

	2015 £m	2014 £m
Purchase of services from related parties		
PricewaterhouseCoopers Services Limited	1,665	1,527
Other subsidiaries	15	11
Provision of services to related parties		
Other subsidiaries	(29)	(27)
	1,651	1,511

The balances as at 30 June with these related parties were as follows:

	2015 £m	2014 £m
PricewaterhouseCoopers Services Limited	(329)	(234)
Other subsidiaries	56	17
	(273)	(217)

25 Events after the reporting period

On 1 July 2015, Strategy& Parent disposed of substantially all of its trading subsidiaries to PwC network firms and intends to undertake a capital reduction programme, resulting in a reduction of substantially all of its fair value. As part of this overall transaction, the Group acquired 100% of the share capital of the United Kingdom and Middle East Strategy& trading subsidiaries. The fair value of the Group's purchase consideration was £67m and the preliminary estimate indicates that the goodwill recognised on acquisition will be £17m.

26 Subsidiary undertakings and jointly controlled entities

A full list of all subsidiary undertakings is annexed to the Annual Return of PricewaterhouseCoopers LLP filed at Companies House. The subsidiary undertakings whose results or financial position principally affected the figures shown in the Group's financial statements are listed below.

All subsidiary companies are 100% owned by the Group, except for GeoTraceability Limited which is 92% owned.

Companies	Country of incorporation	Share class	% directly held by PwC LLP
PricewaterhouseCoopers Services Limited	England	£1.00 ordinary shares	–
PricewaterhouseCoopers (Resources) – (an unlimited company)	England	£1.00 ordinary shares	20
PricewaterhouseCoopers Legal (Resources) Limited	England	£1.00 ordinary shares	–
PricewaterhouseCoopers (Middle East Group) Limited	Guernsey	USD 1.00 ordinary shares	100
PricewaterhouseCoopers Overseas Limited	England	£1.00 ordinary shares	100
PricewaterhouseCoopers Advisory Services Limited	England	£1.00 ordinary shares	–
PRPi Consulting Limited	England	A and B class ordinary £1.00 shares	–
PwC Change Management Limited	England	£1.00 ordinary shares	–
PwC Consulting Associates Limited	England	£1.00 ordinary shares	–
PwC Performance Solutions Limited	England	£0.05 ordinary shares	–
GeoTraceability Limited	England	A and B class ordinary USD 1.00 shares	–
Fire Station Operating Company Limited	England	£1.00 ordinary shares	–

Limited liability partnerships	Country of incorporation	Registered office
PricewaterhouseCoopers Legal LLP	England	1 Embankment Place, London
PricewaterhouseCoopers CI LLP	England	1 Embankment Place, London
PricewaterhouseCoopers ME Holdings No. 1 LLP	England	1 Embankment Place, London

The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH.