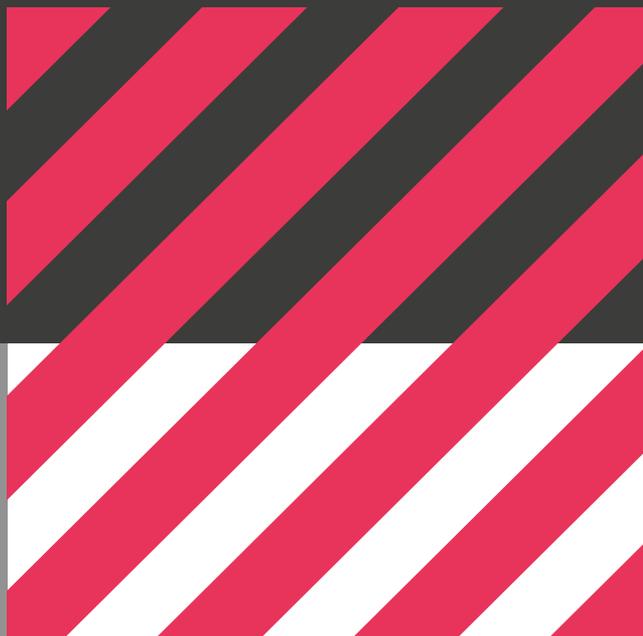


PricewaterhouseCoopers LLP

**Members' report and financial statements
for the financial year ended 30 June 2022**

Registered number: OC303525



Contents

Members' report	2
Independent auditor's report	4
Consolidated income statement	8
Consolidated statement of comprehensive income	8
Statements of financial position	9
Statements of cash flows	10
Statements of changes in equity	11
Notes to the financial statements	12
Energy and carbon reporting	57

Members' report for the financial year ended 30 June 2022

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 financial year ended 30 June 2022.

Principal activity

The principal activity of the Group is the provision of professional services, including audit, tax and legal, deal and risk advisory and consulting in the United Kingdom, the Middle East and the Channel Islands.

Governance

The governance structure of the LLP primarily comprises the following:

- A Management Board, consisting of members of the Executive Board and Clients and Markets Executive, responsible for the policies, strategy, direction and management of the LLP. The Management Board is assisted by:
 - The Executive Board, responsible for the execution of the policies, strategy and management of the LLP.
 - The Clients and Markets Executive, responsible for overseeing the LLP's client-facing and market activities.
 - An International Committee, responsible for decision making in relation to and oversight of the LLP's strategic alliances, matters relating to regionalisation and approval of any matters relating to the PwC global network.
 - An Investment Committee, which supports growth of the LLP by providing governance for investments, including acquisitions, joint ventures and disposals.
 - A Partner Matters Committee, responsible for certain human resource matters relating to members.
 - A Client Committee, a committee of the Clients and Markets Executive, which considers engagement and client acceptance decisions.
 - An Executive Risk Committee, responsible for maintaining an effective risk framework and overseeing and challenging the management of risk across the LLP.
- A Supervisory Board, which considers, reviews and gives guidance to the Management Board on matters which the Supervisory Board considers to be of concern to the members, having regard to the interests and wellbeing of the LLP as a whole. The Audit Committee, a committee of the Supervisory Board, monitors and reviews the integrity of the Group's financial statements.

- A Public Interest Body, constituted to discharge duties under the Audit Firm Governance Code 2016 and which is intended to enhance stakeholder confidence in the public interest aspects of the LLP's activities through the involvement of independent non-executives. The Audit Oversight Body, a committee of the Public Interest Body, enhances the LLP's ability to fulfil certain responsibilities set out in the Audit Firm Governance Code 2016 and to comply with the principles for operational separation of audit practices.

Designated members

The designated members (as defined in the Limited Liability Partnerships Act 2000) of the LLP during the whole of the financial year ended 30 June 2022 were Kevin Ellis and Warwick Hunt. On 8 August 2022, Marco Amitrano and Marissa Thomas were appointed as designated members.

Members' capital

The Group is financed through a combination of members' capital, undistributed profits and borrowing facilities. Members' capital contributions, totalling £274m (2021: £270m), 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 receive a distribution out of the profits of the LLP after adjusting for their obligations to make 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 components dependent upon the overall profitability of the LLP:

- 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 member's capital contribution.

Each member's performance income 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, managing risk effectively and maintaining independence and integrity. There is transparency among the members over the total income allocated to each individual.

Members' report continued

The overall policy for members' monthly drawings is to allocate 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

During the COVID-19 pandemic, the Group demonstrated adaptability and resilience in adjusting rapidly to the emerging situation. This enabled it to continue operating effectively throughout, providing ongoing and new services to clients and maintaining a healthy working capital position. Since then, the pace of recovery in trading activity has been rapid, placing the Group in a strong financial position at 30 June 2022, with a high level of liquidity.

In the assessment of going concern, the Executive Board has considered the economic environment in the markets in which the Group operates, including prevailing macroeconomic conditions such as inflation, skills shortages and the impact of geopolitical uncertainty on economic growth, and how the position might develop in future. The Executive Board's assessment includes planning appropriate responses for a range of possible scenarios. The central assumption is that, owing to ongoing investment in strategic growth areas, trading activity for the financial year ending 30 June 2023 will maintain the momentum achieved in the prior year with positive net cash over the entire period. In the plausible downside scenario considered by the Executive Board, the macroeconomic risks accelerate, impacting trading performance in all areas, but most significantly transactions-based services. The Group's financial modelling shows that the position remains manageable in all scenarios with adequate levels of headroom being maintained against available working capital financing facilities even in the downside scenario.

Should the impacts of the uncertainty in the economic environment significantly worsen, management has the option of taking additional measures such as postponing or curtailing spend, including on partner distributions, staff bonuses, discretionary spend and investments, and requesting additional capital contributions from members. The Group also maintains an appropriate level of borrowing facilities.

Having regard to all of the above, the Executive Board has, at the time of approving the financial statements, a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future. Thus, the going concern basis has been adopted in preparing the consolidated 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 financial year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the LLP or the Group will continue in business.

The members are 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.

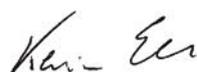
The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and the Group, and enable them to ensure that the financial statements comply with the Companies Act 2006, as applied to limited liability partnerships.

The members are also responsible for the maintenance and integrity of the LLP's website on which the financial statements are available. Legislation governing the preparation and dissemination of financial statements may differ in other jurisdictions from that in the United Kingdom.

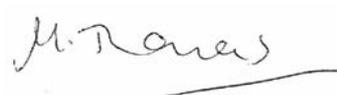
These responsibilities are fulfilled by the Executive Board on behalf of the members.

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

Signed on 11 August 2022 on behalf of the Executive Board by:



Kevin Ellis
Chairman and Senior Partner



Marissa Thomas
Managing Partner and Chief Operating Officer

Independent auditor's report to the members of PricewaterhouseCoopers LLP

Report on the audit of the financial statements

Opinion

We have audited the financial statements of PricewaterhouseCoopers LLP ('the LLP') and its subsidiaries (together 'the Group') for the financial year ended 30 June 2022, which comprise:

- the consolidated income statement and consolidated statement of comprehensive income of the Group for the financial year ended 30 June 2022;
- the statements of financial position of the Group and the LLP at 30 June 2022;
- the statements of cash flows and statements of changes in equity of the Group and the LLP for the financial year ended 30 June 2022; 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 is applicable law and International Accounting Standards as adopted by the UK and, as regards to the LLP's financial statements, as applied in accordance with the provisions of the Companies Act 2006, as applied to limited liability partnerships.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the LLP's affairs at 30 June 2022 and of the Group's profit and of the Group's and the LLP's cash flows for the financial year then ended;
- the Group's financial statements have been properly prepared in accordance with International Accounting Standards as adopted by the UK;
- the LLP's financial statements have been properly prepared in accordance with International Accounting Standards as adopted by the UK, and with the provisions of the Companies Act 2006, as applied to limited liability partnerships; and
- the Group's and the LLP's financial statements have been properly prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described below in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We consider that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In our work we have assessed the key assumptions feeding into the models used by management to assess going concern. We performed sensitivity analysis around the key inputs to the model to determine the adequacy and sensitivity of the model, and discussed with management whether there were any circumstances beyond the period of assessment that may cast significant doubt on the Group's ability to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this 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 evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group's and LLP's financial statements as a whole to be £40m (2021: £35m) and £35m (2021: £30m) respectively. In determining this, we have given specific focus and weighting to the benchmarks in respect of revenue (0.75% of Group and LLP revenue) and profit for the financial year (5% of Group and LLP profit for the financial year). We considered these benchmarks given the focus on the Group's revenue in external league tables and the importance of the profit measure.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. The performance materiality figures for the Group and the LLP were determined to be £28m (2021: £24.5m), and £24.5m (2021: £21m) respectively.

Where considered appropriate, performance materiality may be reduced to a lower level, such as for related party transactions.

We agreed with the Audit Committee to report to it all identified errors in excess of £0.5m (2021: £0.5m). Errors and misstatements below that threshold would also be reported if, in our opinion as auditor, disclosure was required on qualitative grounds.

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

Overview of our audit approach continued

Overview of the scope of our audit

The financial reporting function for the Group and its material subsidiaries is centralised in one operating location in the UK, with the exception of the Middle East group of subsidiaries (the Middle East group). Our audit was conducted from the main operating location and all material subsidiaries, including the Middle East group, were within the scope of our audit testing.

For the Middle East group, the audit was led by a separate team and key audit partner. Under their direction and supervision, a member firm of the Crowe Global network undertook specified audit procedures in the Middle East. We planned the work following a series of planning meetings with local management and the local audit team. The Middle East group audit team visited the Middle East at both the planning and completion stage of the audit to review the work of the local audit team and to discuss matters with both them and local management.

Key audit matters

In preparing the financial statements, the Executive Board, on behalf of the members, have made a number of subjective judgements, for example in respect of critical 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 accounting estimates and key judgements as outlined in note 1.

Key audit matters are those matters we identified that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year and included the most significant assessed risks of material misstatement, whether or not due to fraud. These matters are those that had the greatest effect on the overall audit strategy, the allocation of resources on the audit, and on directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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.

In determining the key audit matters, we noted that there have been no changes in the Group's operations during the financial year that significantly impacted upon our audit. Our assessment of the most significant risks of material misstatement and resulting key audit matters are as detailed below.

These key audit matters relate to both the Group and the LLP. This is not a complete list of all risks identified by our audit.

Key audit matter

How the scope of our audit addressed the key audit matter

Revenue recognition and the valuation of contract assets

The Group enters into a broad range of client contract types. The timing of revenue recognition on these contracts is dependent on the fulfilment of contractual terms that can be complex and involve subjective judgements on contract completeness and recoverability. Estimates are also required in assessing the fair value of contract assets.

Revenue recognition and the valuation of contract assets are included within note 1 as areas of critical accounting estimate. The accounting policy for revenue is outlined in note 2. The disclosure of contract assets and contract liabilities is included within notes 14 and 16 respectively.

We selected a sample of client assignments focusing on material contracts and contracts that met certain identified risk criteria. Our testing focused on ensuring that revenue was recognised in accordance with the accounting policy and included obtaining details of the underlying contract, agreeing key engagement terms regarding enforceable rights to payment for work performed to date, obtaining evidence of fulfilment and the justification for the stage of completeness.

As part of our work we challenged a range of areas including whether identified performance obligations were distinct, performance obligations had been satisfied for revenue recognised, the right to payment for work performed to date was enforceable in certain situations, assessments of costs to complete were appropriate and consistent with other evidence and whether the Group was acting as principal or agent. We reviewed provisions carried against the value of accrued income, ensuring a suitable assessment had been performed considering provisions held at both engagement and portfolio levels.

We found no material misstatements arising from our testing.

We consider the disclosure in notes 2, 14 and 16 to the financial statements to be appropriate having given specific regard to this being an area of critical accounting estimate.

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

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Provisions for claims and regulatory proceedings</p> <p>Disputes arise in the normal course of business. We focused on this area because of the potential financial impact that a major claim or regulatory proceeding could have on the Group and because of the uncertainties involved, including the need to exercise judgement.</p> <p>Provisions in respect of claims and regulatory proceedings are included within note 1 as an area of critical accounting estimate. The disclosure of provisions for claims and regulatory proceedings is included in note 19.</p>	<p>We met with the Group's Deputy General Counsel to discuss claims and actions by regulatory bodies. We examined these matters and considered the processes for ensuring the completeness of the reporting of claims and for assessing the risk of unrecorded claims. We reviewed external legal advice and details of judgements where relevant, and reviewed the controls operating around the completeness of reporting.</p> <p>We examined the Group's insurance arrangements and considered the impact of those terms and the level of cover on the provisions made.</p> <p>We consider the estimates made by management in determining the provisions for claims and regulatory proceedings to be reasonable in light of the evidence available to the date of this report.</p> <p>We consider the disclosure in note 19 to the financial statements to be appropriate having given specific regard to this being an area of critical accounting estimate.</p>

Other information

The members are responsible for the other information. The other information comprises the members' report and the energy and carbon reporting, which is published with the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have no exceptions to report in respect of the following matters which the Companies Act 2006, as applied to limited liability partnerships, requires us 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the members for the financial statements

As explained more fully in the Statement of members' responsibilities in respect of the financial statements set out on page 3, the members are responsible for the preparation of the Group's and LLP's financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Group's and LLP's ability to continue as a going concern and for using the going concern basis of accounting unless the members either intend to liquidate the Group or the LLP or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, the improper application of the revenue recognition accounting policy and the risk of inappropriate judgements surrounding the recognition of liabilities arising from claims relating to litigation or regulatory sanction.

Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, use of data analytics in the analysis of journals, reviewing accounting estimates for biases, a thorough review and assessment of the revenue recognised on a selection of client engagements to ensure appropriate application of revenue recognition policies and discussions with in-house General Counsel around the provisions held for claims, litigation and sanction.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected a material misstatement in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing, and cannot be expected to detect, non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is set out on the Financial Reporting Council's website at: www.frc.org.uk/auditscopeukprivate. This description forms part of our auditor's report.

Use of our report

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.



Matthew Stallabrass
(Senior Statutory Auditor)

for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

11 August 2022

Consolidated income statement for the financial year ended 30 June 2022

	Note	2022 £m	2021 £m
Revenue	2	5,002	4,447
Expenses and disbursements on client assignments		(541)	(492)
Net revenue		4,461	3,955
Staff costs	3	(2,295)	(2,011)
Depreciation, amortisation and impairment of non-financial assets	4	(126)	(136)
Other operating charges	4	(579)	(529)
Gain on disposal of business	5	139	–
Net impairment credits (losses) on financial assets	4	7	(7)
Operating profit		1,607	1,272
Finance income	6	8	3
Finance expense	6	(27)	(26)
Profit on ordinary activities before taxation		1,588	1,249
Tax expense in subsidiary entities	7	(53)	(78)
Profit for the financial year		1,535	1,171
Profit for the financial year attributable to:			
Members	24	1,213	1,001
Non-controlling interests	24	322	170
Profit for the financial year		1,535	1,171

Consolidated statement of comprehensive income for the financial year ended 30 June 2022

	Note	2022 £m	2021 £m
Profit for the financial year		1,535	1,171
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	24	5	1
Translation of foreign operations	24	33	(10)
Items that will not be reclassified to profit or loss:			
Remeasurements of retirement benefits	23	118	91
Other comprehensive income for the financial year		156	82
Total comprehensive income for the financial year		1,691	1,253
Total comprehensive income for the financial year attributable to:			
Members		1,339	1,093
Non-controlling interests		352	160
Total comprehensive income for the financial year		1,691	1,253

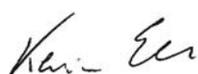
Cash flow hedges are disclosed net of tax in the consolidated statement of comprehensive income. There is no tax on any other component of other comprehensive income (expense).

Statements of financial position at 30 June 2022

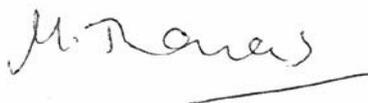
	Note	2022 £m	Group 2021 £m	2022 £m	LLP 2021 £m
Non-current assets					
Property, plant and equipment	8	209	202	–	–
Right-of-use assets	9	663	715	–	–
Goodwill	10	81	72	6	6
Other intangible assets	10	11	13	–	–
Deferred tax assets	22	11	12	–	–
Investments in subsidiaries	11	–	–	57	57
Interests in joint ventures and associates	12	3	–	–	–
Other investments	13	105	95	68	70
Retirement benefit assets	23	318	161	318	161
		1,401	1,270	449	294
Current assets					
Trade and other receivables	14	1,580	1,250	1,000	834
Assets classified as held-for-sale	14	–	60	–	56
Cash and cash equivalents	15	1,128	806	815	558
		2,708	2,116	1,815	1,448
Total assets		4,109	3,386	2,264	1,742
Current liabilities					
Trade and other payables	16	(1,053)	(932)	(949)	(802)
Liabilities classified as held-for-sale	16	–	(25)	–	(7)
Tax in subsidiary entities		(56)	(61)	–	–
Borrowings	17	(16)	(14)	–	–
Lease liabilities	9	(83)	(80)	–	–
Provisions	19	(1)	(2)	–	–
Other liabilities	21	(9)	(6)	–	–
Members' capital	20	(12)	(14)	(12)	(14)
		(1,230)	(1,134)	(961)	(823)
Non-current liabilities					
Borrowings	17	(41)	(50)	–	–
Lease liabilities	9	(666)	(712)	–	–
Deferred tax liabilities	22	(19)	(15)	–	–
Retirement benefit obligations	23	(58)	(45)	–	–
Provisions	19	(146)	(119)	(65)	(53)
Other liabilities	21	(155)	(117)	–	–
Members' capital	20	(262)	(256)	(262)	(256)
		(1,347)	(1,314)	(327)	(309)
Total liabilities		(2,577)	(2,448)	(1,288)	(1,132)
Net assets		1,532	938	976	610
Equity					
Members' reserves	24	1,358	912	976	610
Non-controlling interests	24	174	26	–	–
Total equity		1,532	938	976	610
Members' interests					
Members' capital	20	274	270	274	270
Members' reserves	24	1,358	912	976	610
Total members' interests	24	1,632	1,182	1,250	880

The exemption under section 408 of the Companies Act 2006, as applied to limited liability partnerships, from presenting the LLP's income statement has been taken. The LLP's profit for the financial year ended 30 June 2022 was £1,135m (2021: £972m).

The financial statements on pages 8 to 56 were authorised for issue and signed on 11 August 2022 on behalf of the members of PricewaterhouseCoopers LLP, registered number OC303525, by:



Kevin Ellis
Chairman and Senior Partner



Marissa Thomas
Managing Partner and Chief Operating Officer

Statements of cash flows for the financial year ended 30 June 2022

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Cash flows from operating activities				
Profit for the financial year	1,535	1,171	1,135	972
Tax on profits	53	78	–	–
Adjustments for:				
Depreciation, amortisation and impairment of non-financial assets	126	136	–	–
Loss on disposal of property, plant and equipment	1	2	–	–
Gain on disposal of other intangibles assets	–	(18)	–	(18)
Gain on disposal of business	(139)	–	(130)	–
Gain on disposal of joint ventures and associates	–	(1)	–	–
Loss on disposal of other investments	1	–	1	–
Foreign-exchange movements	28	7	–	–
Remeasurement gains on other investments	–	(9)	–	(7)
Income from investments in subsidiaries	–	–	(34)	(72)
Finance income	(8)	(3)	(6)	(2)
Finance expense	27	26	–	–
Changes in working capital (excluding the effects of acquisitions and disposals):				
(Increase) decrease in trade and other receivables	(261)	13	(149)	4
Increase in trade and other payables	71	30	143	1
Increase in provisions	29	27	14	23
Movement in retirement benefits	(30)	(27)	(30)	(28)
Cash generated from operations	1,433	1,432	944	873
Tax paid by subsidiary entities	(53)	(63)	–	–
Net cash inflow from operating activities	1,380	1,369	944	873
Cash flows from investing activities				
Purchase of business	(8)	–	–	–
Proceeds from sale of business	165	–	165	–
Purchase of property, plant and equipment	(52)	(72)	–	–
Proceeds from sale of property, plant and equipment	1	1	–	–
Purchase of intangible assets	(5)	(4)	–	(2)
Proceeds from sale of intangible assets	–	20	–	20
Purchase of other investments	(12)	(10)	–	(10)
Proceeds from redemption of other investments	2	36	–	18
Proceeds from sale of joint ventures and associates	–	2	–	–
Distributions received from joint ventures and associates	2	2	–	–
Interest received	5	2	3	1
Income received from investments in subsidiaries	–	–	34	72
Net cash inflow (outflow) from investing activities	98	(23)	202	99
Cash flows from financing activities				
Repayment of borrowings	(16)	(19)	–	–
Lease liabilities:				
Finance charges on lease liabilities	(18)	(19)	–	–
Principal payments of lease liabilities	(70)	(66)	–	–
Interest paid	(5)	(5)	–	–
Capital contributions by members	28	21	28	21
Capital repayments to members	(24)	(28)	(24)	(28)
Payments to members	(893)	(799)	(893)	(799)
Capital contributions by non-controlling interest partners	65	21	–	–
Capital repayments to non-controlling interest partners	(40)	(16)	–	–
Payments to non-controlling interests	(204)	(141)	–	–
Net cash outflow from financing activities	(1,177)	(1,051)	(889)	(806)
Net increase in cash and cash equivalents	301	295	257	166
Foreign-exchange movements	21	(13)	–	–
Cash and cash equivalents at beginning of financial year	806	524	558	392
Cash and cash equivalents at end of financial year (note 15)	1,128	806	815	558

Statements of changes in equity for the financial year ended 30 June 2022

	Available for division among members £m	Attributable to non-controlling interests £m	Group Total £m	LLP Total £m
Balance at beginning of prior financial year (note 24)	618	7	625	343
Profit for the financial year	1,001	170	1,171	972
Other comprehensive income (expense) for the financial year	92	(10)	82	94
Total comprehensive income	1,093	160	1,253	1,066
Profit allocated in the financial year	(799)	(141)	(940)	(799)
Transactions with owners	(799)	(141)	(940)	(799)
Balance at end of prior financial year (note 24)	912	26	938	610
Profit for the financial year	1,213	322	1,535	1,135
Other comprehensive income for the financial year	126	30	156	124
Total comprehensive income	1,339	352	1,691	1,259
Profit allocated in the financial year	(893)	(204)	(1,097)	(893)
Transactions with owners	(893)	(204)	(1,097)	(893)
Balance at end of financial year (note 24)	1,358	174	1,532	976

Notes to the financial statements for the financial year ended 30 June 2022

1 Basis of preparation

These financial statements consolidate the results and financial position of PricewaterhouseCoopers LLP ('the LLP') and its subsidiary undertakings (together 'the Group').

The financial statements have been prepared in accordance with International Accounting Standards ('IAS') as adopted by the United Kingdom ('UK'), with the requirements of the Companies Act 2006 as applicable to limited liability partnerships ('LLPs') reporting under IAS. On 31 December 2020, International Financial Reporting Standards ('IFRS') as adopted by the European Union were brought into UK law and became IAS as adopted by the UK, with future changes subject to endorsement by the UK Endorsement Board. On 1 July 2021, the Group transitioned to IAS as adopted by the UK. The resulting change in the accounting framework during the financial year has not had an impact on the recognition, measurement or disclosures in these financial statements.

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 financial years presented. The new standards and interpretations adopted during the financial year, as set out below, have not had an impact on the financial statements.

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

During the COVID-19 pandemic, the Group demonstrated adaptability and resilience in adjusting rapidly to the emerging situation. This enabled it to continue operating effectively throughout, providing ongoing and new services to clients and maintaining a healthy working capital position. Since then, the pace of recovery in trading activity has been rapid, placing the Group in a strong financial position at 30 June 2022, with a high level of liquidity.

In the assessment of going concern, the Executive Board has considered the economic environment in the markets in which the Group operates, including prevailing macroeconomic conditions such as inflation, skills shortages and the impact of geopolitical uncertainty on economic growth, and how the position might develop in future. The Executive Board's assessment includes planning appropriate responses for a range of possible scenarios. The central assumption is that, owing to ongoing investment in strategic growth areas, trading activity for the financial year ending 30 June 2023 will maintain the momentum achieved in the prior year with positive net cash over the entire period. In the plausible downside scenario considered by the Executive Board, the macroeconomic risks accelerate, impacting trading performance in all areas, but most significantly transactions-based services. The Group's financial modelling shows that the position remains manageable in all scenarios with adequate levels of headroom being maintained against available working capital financing facilities even in the downside scenario.

Should the impacts of the uncertainty in the economic environment significantly worsen, management has the option of taking additional measures such as postponing or curtailing spend, including on partner distributions, staff bonuses, discretionary spend and investments, and requesting additional capital contributions from members. The Group also maintains an appropriate level of borrowing facilities.

Having regard to all of the above, the Executive Board has, at the time of approving the financial statements, a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future. Thus, the going concern basis has been adopted in preparing the consolidated financial statements.

New standards and interpretations adopted in the financial year

During the financial year ended 30 June 2022, the Group adopted the Interest Rate Benchmark Reform – Phase 2 amendments to IFRS 7, IFRS 4 and IFRS 16 ('IBOR reform'). In accordance with the transition provisions, the amendments have been applied retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated and there was no impact on opening reserves on adoption at 1 July 2021. The Group was not required to make any amendments to its hedge documentation on transition to alternative benchmark rates during the financial year.

The Group also adopted Amendments to IFRS 4 'Insurance Contracts – deferral of IFRS 9' and IFRS 16 'Leases – COVID-19-Related Rent Concessions – Extension of the practical expedient'. These changes have not had an impact on these financial statements.

Notes to the financial statements continued

1 Basis of preparation continued

New standards and interpretations not yet adopted

There are a number of IFRS standards, amendments and IFRS Interpretations Committee ('IFRIC') interpretations that have been issued by the International Accounting Standards Board ('IASB') that will require future adoption but which are not expected to have a material impact on the Group:

- Amendments to IFRS 3 'Business Combinations', IAS 16 'Property, Plant and Equipment', IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and 'Annual improvements to IFRSs 2018–2020 cycle' will become effective for the accounting period to 30 June 2023.
- IFRS 17 'Insurance Contracts' will become effective for the accounting period to 30 June 2024.
- Amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates' and IAS 12 'Deferred tax related to assets and liabilities arising from a single transaction' will become effective for the accounting period to 30 June 2024, subject to endorsement.
- Additional amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current' will become effective for the accounting period to 30 June 2025, subject to endorsement.

Critical accounting estimates and key 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 and the disclosure of contingent assets and liabilities.

The estimates and judgements are continually evaluated and are based on historical experience and other factors, including market data and 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 and adjustments could be required to the carrying value of assets and liabilities. Where appropriate, present values are calculated using discount rates reflecting the currency and maturity of the items being valued.

Set out below is a summary of the critical accounting estimates that could have a significant effect on the Group's financial results:

- Revenue recognition (note 2) and the valuation of contract assets (note 14) – assessing the likely engagement outcome and the recoverable value of contract assets where estimation of the stage of contract completion, including the costs still to be incurred, is required. A 5% movement in contract assets would result in a change in revenue of £24m.
- Provisions for claims and regulatory proceedings (note 19) – assessing the probable outcome of claims and regulatory proceedings and estimating the level of costs likely to be incurred in defending and concluding such matters.
- Defined benefit and end-of-service benefit schemes (note 23) – determining the actuarial assumptions to be applied in estimating the defined benefit obligation for each scheme, with the key actuarial assumptions being discount rate, inflation and life expectancy.

Further details of significant 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. On consolidation, intercompany 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.

Notes to the financial statements continued

1 Basis of preparation continued

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 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.

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. The budgets and forecasts that form the basis for the fair value less costs to sell and value in use models used for impairment testing include forecast capital investment and operational impacts related to sustainability initiatives.

2 Revenue

Revenue is measured as the fair value of consideration received or receivable for satisfying performance obligations contained in contracts with clients, including expenses and disbursements but excluding discounts and Value Added Tax. Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal will not be required when the uncertainties determining the level of variable consideration are subsequently resolved. Revenue is recognised when, or as, the Group satisfies performance obligations by transferring control of services to clients. This occurs as follows for the Group's various contract types:

- Time-and-materials contracts are recognised as services are provided at the fee rate agreed with the client where there is an enforceable right to payment for performance completed to date.
- Fixed-fee contracts are recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided where there is an enforceable right to payment for performance completed to date. This is determined based on the actual inputs of time and expenses relative to total expected inputs.
- Performance-fee contracts are recognised when the right to consideration arises on having met the relevant performance-related elements.
- Contingent-fee contracts, over and above any agreed minimum fee, are recognised when the contingent event occurs and the Group has become entitled to the revenue.
- Licence-fee contracts that provide a right to use the Group's intellectual property ('IP') as it exists at the date the licence is granted are recognised when the licence agreement is entered into and the licensee is able to use and benefit from the licence. Licence-fee contracts that provide a right of access to the Group's IP as it exists throughout the licence period, are recognised over time to reflect the pattern in which the benefits of access transfer to the client over the licence period.

Where contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on its stand-alone selling price. Where these are not directly observable, they are estimated based on expected cost plus margin. Adjustments are made to allocate discounts proportionately relative to the stand-alone selling price of each performance obligation.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the income statement in the period in which the circumstances that give rise to the revision become known.

Notes to the financial statements continued

2 Revenue continued

For time-and-materials, fixed-fee and licence-fee contracts, fees are usually billed on account based on a payment schedule. For performance-fee and contingent-fee contracts, fees are usually billed and paid when entitlement to the revenue has been established. If the revenue recognised by the Group exceeds the amounts billed, a contract asset is recognised. If the amounts billed exceed the revenue recognised, a contract liability is recognised. Contract assets are reclassified as trade receivables when billed and the consideration has become unconditional because only the passage of time is required before payment is due. The Group's standard payment terms require settlement of invoices within 14 days of receipt.

The Group does not adjust the transaction prices for the time value of money as it does not have any large contracts where the period between the transfer of the promised services to the client and the payment by the client exceeds one year.

Disaggregation of revenue

The Group derives revenue from the provision of professional services across the following lines of service:

Line of service	2022 £m	2021 £m
Consulting	1,324	996
Audit	1,133	1,069
Tax	1,015	935
Deals	906	854
Risk	516	458
	4,894	4,312
Global mobility and immigration services business (note 5)	108	135
	5,002	4,447

The current financial year revenue of the global mobility and immigration services business relates to the financial period from 1 July 2021 to 29 April 2022 when the business was disposed of by the Group.

The Group derives revenue from the provision of professional services across the following industry segments:

Industry segment	2022 £m	2021 £m
Financial services	1,683	1,507
Industrial manufacturing and services	832	682
Government and health industries	824	740
Consumer markets	657	597
Technology, information, communications and entertainment	527	461
Energy, utilities and resources	371	325
	4,894	4,312
Global mobility and immigration services business (note 5)	108	135
	5,002	4,447

The table below disaggregates revenue from external clients by managed territory within the Group:

	2022 £m	2021 £m
United Kingdom	3,773	3,428
Middle East	1,044	823
Channel Islands	77	61
	4,894	4,312
Global mobility and immigration services business (note 5)	108	135
	5,002	4,447

Notes to the financial statements continued

2 Revenue continued

Assets and liabilities related to contracts with customers

Details of the Group's and the LLP's trade receivables and contract assets are disclosed in note 14 and contract liabilities in note 16.

Unsatisfied long-term contracts

The aggregate amount of the transaction price allocated to fixed-price, long-term contracts that were partially or fully unsatisfied at 30 June was:

	2022 £m	2022 %	2021 £m	2021 %
Within one financial year	130	71	106	78
1–2 financial years	47	26	17	13
2–3 financial years	5	3	8	6
3–4 financial years	–	–	3	2
4–5 financial years	–	–	1	1
	182	100	135	100

In accordance with IFRS 15 'Revenue from Contracts with Customers', these amounts do not include variable consideration which is constrained. All other contracts with customers are for periods of one year or less, or carried a right to consideration directly aligned to the performance completed to date.

Where the contract is for a period of one year or less or where the right to consideration is directly aligned to the performance completed to date, the Group has applied the practical expedient set out in IFRS 15 in respect of the presentation of the transaction price allocated to partially or fully unsatisfied contracts with customers.

3 Staff costs

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Salaries	1,930	1,691	128	130
Social security costs	180	158	16	17
Pension costs in respect of defined contribution schemes (note 23)	171	152	22	22
Past service cost in respect of defined benefit schemes (note 23)	4	–	4	–
Current service cost in respect of end-of-service benefit schemes (note 23)	10	9	–	–
Guaranteed minimum pension equalisation on defined benefit schemes (note 23)	–	1	–	1
	2,295	2,011	170	170

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 voluntary severance. During the financial year ended 30 June 2022, the Group recognised £4m (2021: £5m) and the LLP recognised £2m (2021: £1m) of termination benefits within salaries.

The average monthly number of employees during the financial year was:

	Group		LLP	
	2022 Number	2021 Number	2022 Number	2021 Number
Client support staff	24,577	21,812	625	693
Practice support staff	5,634	4,845	699	761
	30,211	26,657	1,324	1,454

Notes to the financial statements continued

4 Other operating costs

Depreciation, amortisation and impairment of non-financial assets

	2022 £m	2021 £m
Depreciation of right-of-use assets (note 9)	72	75
Depreciation of property, plant and equipment (note 8)	44	47
Amortisation of other intangible assets (note 10)	7	7
Impairment of goodwill (note 10)	3	3
Impairment of right-of-use assets (note 9)	–	3
Impairment of property, plant and equipment (note 8)	–	1
	126	136

Other operating charges

Other operating charges comprise firmwide overheads including technology and marketing; people-related costs, such as recruitment and training; gains and losses on the disposal of property, plant and equipment, intangible assets and other investments; charges relating to claims and regulatory proceedings; and occupancy costs, including property service charges and lease-related expenditure.

Auditor's remuneration

Total fees and expenses payable to the auditor, Crowe U.K. LLP, for the financial year ended 30 June 2022 were £0.5m (2021: £0.5m). This comprised audit fees of £0.4m (2021: £0.4m) relating to the LLP and Group consolidation and other service fees of £0.1m (2021: £0.1m) relating to the audit of subsidiary companies and audit-related assurance.

Net impairment credits (losses) on financial assets

	2022 £m	2021 £m
Trade receivables and contract assets (note 14)	8	(7)
Other investments (note 13)	(1)	–
	7	(7)

5 Gain on disposal of business

On 29 April 2022, the Group disposed of its global mobility and immigration services business to the US private equity firm Clayton, Dubilier & Rice concurrently with other member firms of the PwC global network. The gain or loss on disposal of a business is calculated as the difference between the fair value of the consideration received or receivable, including any contingent consideration, and the previous carrying value of the attributable assets and liabilities, reflecting the conditions at the date of the disposal and the attributable terms agreed with the purchaser. Transaction costs incurred in connection with the disposal, such as legal fees, that represent direct incremental costs are also deducted, otherwise they are recognised in the income statement as incurred.

	LLP £m	Middle East £m	Group £m
Non-contingent consideration at fair value	165	10	175
Contingent consideration at fair value	9	–	9
Total consideration	174	10	184
Net assets transferred	(44)	(1)	(45)
Gain on disposal	130	9	139

At 30 June 2022, consideration receivable of £19m for the Group and £9m for the LLP has been recognised within other receivables (note 14).

The disposal resulted in the transfer of approximately 600 staff employed by the Group at completion, together with certain client contracts. Net assets transferred primarily comprised trade receivables and contract assets. The current financial year revenue of the global mobility and immigration services business, relating to the financial period from 1 July 2021 to 29 April 2022, amounted to £102m for the LLP (financial year ended 30 June 2021: £129m) and £6m for the Middle East (financial year ended 30 June 2021: £6m). The impact of the disposal on the Group's revenues is disclosed in note 2.

Notes to the financial statements continued

5 Gain on disposal of business continued

At 30 June 2021, the Group was still in discussions with respect to the disposal of the above business, therefore the attributable assets and liabilities were classified as held-for-sale. Assets are classified as held-for-sale when their carrying amount is expected to be recovered principally through a sale transaction rather than through their continued use. For this to be the case, management must be committed to a plan to sell the assets within one year from the date of classification at a price that is reasonable in relation to the assets' current fair value. The assets must be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets and the sale must be highly probable. The assets, and associated liabilities, are initially measured at the lower of their carrying amount and fair value less costs to sell, with any subsequent increase in fair value less costs to sell recognised in the income statement, but not in excess of any cumulative impairment losses previously recognised.

The carrying value at 30 June 2021 of the attributable assets and liabilities at that time was £35m for the Group and £49m for the LLP.

6 Finance income and expense

	2022 £m	2021 £m
Finance income		
Interest receivable	5	2
Net interest income on defined benefit schemes (note 23)	3	1
	8	3
Finance expense		
Finance charges on lease liabilities (note 9)	(18)	(19)
Interest payable	(5)	(5)
Unwinding of discount on provisions (note 19)	(2)	(1)
Interest expense on end-of-service benefit schemes (note 23)	(2)	(1)
	(27)	(26)
Net finance expense	(19)	(23)

7 Tax expense in subsidiary entities

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.

Certain subsidiary entities consolidated in these financial statements are subject to taxes on their own profits and this tax expense is reported in these consolidated financial statements. The tax expense is the sum of the current and deferred tax charges of those entities and is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised in the income statement, except where they relate to items that are recognised in other comprehensive income, in which case they are also recognised in other comprehensive income. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The tax expense included within the consolidated income statement comprises:

	2022 £m	2021 £m
Current tax on income of subsidiary entities for the financial year	48	76
Deferred tax movements (note 22)	5	2
Tax expense in subsidiary entities	53	78

Notes to the financial statements continued

7 Tax expense in subsidiary entities continued

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

	2022 £m	2021 £m
Profit on ordinary activities of subsidiary entities before tax	468	329
Tax expense at UK standard rate of 19% (2021: 19%)	89	63
Adjustments to tax charge in respect of prior financial years:		
UK subsidiaries	(2)	(1)
Overseas subsidiaries	(17)	10
Impact of items not deductible for tax purposes	–	2
Remeasurement of deferred tax arising from a change in the UK standard rate	–	(1)
Effect of different overseas tax rates across the Group	(17)	5
	53	78

8 Property, plant and equipment

Group

	Freehold property £m	Leasehold property £m	Fittings, furniture and equipment £m	Total £m
Cost				
At beginning of prior financial year	2	110	286	398
Exchange differences	–	(4)	(4)	(8)
Additions	–	21	51	72
Disposals	–	(7)	(27)	(34)
At end of prior financial year	2	120	306	428
Exchange differences	–	3	6	9
Additions	–	–	52	52
Disposals	–	(2)	(38)	(40)
At end of financial year	2	121	326	449
Accumulated depreciation/impairment				
At beginning of prior financial year	–	43	171	214
Exchange differences	–	(2)	(3)	(5)
Depreciation charge for the financial year	–	11	36	47
Impairment charge for the financial year	–	–	1	1
Disposals	–	(7)	(24)	(31)
At end of prior financial year	–	45	181	226
Exchange differences	–	3	5	8
Depreciation charge for the financial year	–	7	37	44
Disposals	–	(2)	(36)	(38)
At end of financial year	–	53	187	240
Net book amount at end of prior financial year	2	75	125	202
Net book amount at end of financial year	2	68	139	209

Notes to the financial statements continued

8 Property, plant and equipment continued

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

Freehold property	50 years
Leasehold property	50 years or shorter leasehold term
Fittings and furniture	10–20 years or shorter leasehold term
Equipment	2–5 years

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

There were £3m of capital commitments relating to property, plant and equipment contracted but not provided for at 30 June 2022 in the Group (2021: nil). Assets under construction of £10m (2021: £19m) are included within leasehold property and £29m (2021: £42m) within fittings, furniture and equipment. The assets under construction relate principally to the fit-out of office accommodation.

LLP

During the financial year ended 30 June 2022, there were no property, plant or equipment assets or capital commitments within the LLP (2021: nil).

9 Leases

Group

Payments associated with all short-term leases and leases of low-value assets are recognised on a straight-line basis as operating costs in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office-related and technology equipment.

All other leases are recognised as right-of-use assets and corresponding lease liabilities at the date at which the leased assets are available for use by the Group.

Right-of-use assets are measured initially at cost comprising:

- the amount of the initial measurement of the lease liability;
- any lease payments less lease incentives at or before the lease commencement date;
- any initial direct costs; and
- any restoration costs.

Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for remeasurements of the lease liability due to reassessments or lease modifications. The right-of-use assets are depreciated over the lease term on a straight-line basis.

Lease liabilities are initially measured at an amount equal to the present value of the expected future lease payments for the underlying right-of-use assets during the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the relevant incremental borrowing rate. The lease term is a non-cancellable period of the lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated. Where the Group has the option to extend the lease term beyond the non-cancellable period, or of not exercising a termination option, all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option are considered.

Each lease payment is allocated between a repayment of the liability and a finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of the liability is remeasured to reflect reassessments and lease modifications.

Where the Group is an intermediate lessor and has assessed these leases to be operating leases, it accounts for its interests in the head lease and the sub-lease separately and recognises lease payments received as income on a straight-line basis over the lease term in the income statement. Such leases are not material to the Group.

Notes to the financial statements continued

9 Leases continued

Movements in right-of-use assets during the financial year ended 30 June 2022 were as follows:

	Land and buildings £m	Other assets £m	Total £m
Cost			
At beginning of prior financial year	851	10	861
Exchange differences	(10)	–	(10)
Additions	9	7	16
Disposals	(13)	(3)	(16)
At end of prior financial year	837	14	851
Exchange differences	9	–	9
Additions	10	7	17
Disposals	(19)	(4)	(23)
At end of financial year	837	17	854
Accumulated depreciation/impairment			
At beginning of prior financial year	73	3	76
Exchange differences	(2)	–	(2)
Depreciation charge for the financial year	71	4	75
Impairment charge for the financial year	3	–	3
Disposals	(13)	(3)	(16)
At end of prior financial year	132	4	136
Exchange differences	5	–	5
Depreciation charge for the financial year	67	5	72
Disposals	(18)	(4)	(22)
At end of financial year	186	5	191
Net book amount at end of prior financial year	705	10	715
Net book amount at end of financial year	651	12	663

Movements in lease liabilities during the financial year ended 30 June 2022 were as follows:

	2022 £m	2021 £m
Balance at beginning of financial year	792	852
Exchange differences	10	(9)
Additions	17	15
Finance charges (note 6)	18	19
Payments	(88)	(85)
Balance at end of financial year	749	792

Disclosed as:

	2022 £m	2021 £m
Current	83	80
Non-current	666	712
	749	792

Notes to the financial statements continued

9 Leases continued

The maturity profile at 30 June of the undiscounted future cash flows required to settle these lease liabilities is as follows:

	2022 £m	2021 £m
Within one financial year	86	81
1–2 financial years	85	81
2–3 financial years	81	79
3–4 financial years	77	76
4–5 financial years	77	75
More than five financial years	457	528
	<u>863</u>	<u>920</u>

During the financial year ended 30 June 2022, total cash outflows in respect of leases were £90m (2021: £87m), including £2m (2021: £2m) on short-term leases and leases of low-value assets. The value recognised in the income statement in respect of these short-term leases and leases of low-value assets during the financial year ended 30 June 2022 was £2m (2021: £2m).

LLP

During the financial year ended 30 June 2022, there were no right-of-use assets or lease liabilities held by the LLP.

10 Goodwill and other intangible assets

Group

	Goodwill £m	Computer software £m	Customer relationships £m	Total other intangible assets £m
Cost				
At beginning of prior financial year	95	86	20	106
Exchange differences	(4)	–	(2)	(2)
Additions	–	2	2	4
Disposals	–	(13)	–	(13)
At end of prior financial year	<u>91</u>	<u>75</u>	<u>20</u>	<u>95</u>
Exchange differences	4	1	2	3
Additions	8	2	3	5
Disposals	–	(12)	–	(12)
At end of financial year	<u>103</u>	<u>66</u>	<u>25</u>	<u>91</u>
Accumulated amortisation/impairment				
At beginning of prior financial year	16	73	17	90
Exchange differences	–	(2)	(2)	(4)
Amortisation charge for the financial year	–	5	2	7
Impairment charge for the financial year	3	–	–	–
Disposals	–	(11)	–	(11)
At end of prior financial year	<u>19</u>	<u>65</u>	<u>17</u>	<u>82</u>
Exchange differences	–	1	2	3
Amortisation charge for the financial year	–	5	2	7
Impairment charge for the financial year	3	–	–	–
Disposals	–	(12)	–	(12)
At end of financial year	<u>22</u>	<u>59</u>	<u>21</u>	<u>80</u>
Net book amount at end of prior financial year	<u>72</u>	<u>10</u>	<u>3</u>	<u>13</u>
Net book amount at end of financial year	<u>81</u>	<u>7</u>	<u>4</u>	<u>11</u>

There was £1m of computer software assets under development within other intangible assets in the Group at 30 June 2022 (2021: £2m).

Notes to the financial statements continued

10 Goodwill and other intangible assets continued

LLP

	Goodwill £m	Computer software £m	Customer relationships £m	Total other intangible assets £m
Cost				
At beginning of prior financial year	6	–	–	–
Additions	–	2	–	2
Disposals	–	(2)	–	(2)
At end of current and prior financial year	6	–	–	–
Accumulated amortisation/impairment				
At beginning and end of current and prior financial year	–	–	–	–
Net book amount at end of prior financial year	6	–	–	–
Net book amount at end of financial year	6	–	–	–

There were no assets under development in the LLP at 30 June 2022 (2021: nil).

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 value of the assets transferred and the liabilities incurred by the Group, including those from any contingent consideration arrangement. Acquisition related costs are charged to the income statement as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date.

Goodwill arises where the fair value of the consideration transferred for a business exceeds the fair value of identifiable assets, liabilities and contingent liabilities. If the consideration is less than the fair value of the identifiable assets, in the case of a bargain purchase, the difference is recognised immediately in the income statement. Goodwill arising on acquisitions is capitalised with an indefinite useful economic life and tested annually for impairment. Assets are grouped at the lowest levels for which there are separately identifiable cash flows ('cash generating units'). For the purposes of assessing impairment, goodwill is allocated to the group of cash generating units which represents the lowest level at which goodwill is monitored for internal management purposes.

Acquisitions

On 12 February 2022, the Group acquired a 100% interest in Olivehorse Consulting Services Ltd (subsequently renamed PwC Business Consulting Services Limited), which offers supply chain management technology and associated consultancy services. The consideration for this acquisition was £19m, of which £7m is deferred over three years and contingent on certain future services. The fair values of the assets and liabilities recognised on acquisition of £1m, excluding intangible assets, primarily related to cash and cash equivalents and acquired trade receivables. The Group recognised £8m of goodwill in respect of the acquisition, which is attributable to the company's strong market position, profitability in trading and the existing workforce, and which cannot be separately recognised as intangible assets. Separately recognised intangible assets of £3m comprise the customer relationships acquired, which are measured at fair value, representing the present value of future profits anticipated from these relationships.

The consolidated income statement for the financial year ended 30 June 2022 includes revenues of £2m and a £0.3m loss for the financial period from acquisition. Had the acquisition occurred on 1 July 2021, the consolidated revenue and profit for the financial year ended 30 June 2022 would have been £8m and £1m respectively. There were no adjustments required in respect of differences in accounting policies or fair value adjustments in respect of non-current assets, such as intangibles, including consequential tax effects.

Disposals

Subsequent to 30 June 2022, the Group disposed of a subsidiary, Regnology TIR UK Ltd. (formerly PwC Tax Information Reporting Limited), which offered specialised tax software for wealth advisors. The total consideration due to the Group is expected to be £8m, resulting in an expected gain on disposal of £4m after adjusting for the Group's net assets transferred and the derecognition of the associated goodwill of the business. This transaction will be reflected in the financial statements for the financial year ending 30 June 2023.

Notes to the financial statements continued

10 Goodwill and other intangible assets continued

Impairment reviews

The largest element of goodwill held within the Group is £55m (2021: £50m) in respect of the Group's strategic alliance in the Middle East. The recoverable amount for goodwill has been determined based on value in use, being the present value of future cash flows based on two-year financial budgets. Cash flows for the periods beyond existing budgets have been extrapolated using a 3% long-term GDP annual regional growth rate (2021: 3%). The discount rate applied against the anticipated future cash flows is based on a pre-tax estimated weighted average cost of capital of 11% (2021: 11%).

The remaining goodwill represents UK acquisitions and relates primarily to the provision of consulting services. The discount rate applied against the anticipated future cash flows is based on a pre-tax estimated weighted average cost of capital of 12% (2021: 12%). During the financial year ended 30 June 2022, impairment charges of £3m (2021: £3m) were recognised against this goodwill in relation to businesses acquired in prior financial years, having given consideration to their value in use.

A reasonable change in the key assumptions used in assessing the goodwill for impairment, such as revenue growth, cost base growth and the discount rate, would not have a significant impact on the difference between value in use and the carrying value.

Customer relationships

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

Computer software

Costs directly associated with the purchase or development of computer software are stated at cost less accumulated amortisation and amortised on a straight-line basis over the expected useful economic life of the software, typically three to five years.

Costs directly attributable to the development of identifiable software are recognised as intangible assets only if development costs can be reliably measured, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group has adequate resources available to complete the development and use or sell the software. Directly attributable costs that are capitalised as part of the asset include employee costs and an appropriate portion of direct overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Expenditure on research and costs associated with maintaining computer software are recognised as an expense as incurred.

Software as a service

Software as a service cloud computing arrangements are treated as service contracts and recognised as an expense in the income statement over the contract term unless the Group has both a contractual right to take possession of the software at any time without significant penalty and the ability to run the software independently of the host vendor.

Configuration and customisation costs incurred in a cloud computing arrangement are recognised as an expense in the income statement when the related services are received unless the configuration and customisation costs create a separately identifiable asset and meet the recognition criteria of an intangible asset, in which case they are capitalised and amortised over the contract term.

11 Investments in subsidiaries

Group

The financial statements consolidate the results and financial position of the Group, including all subsidiary undertakings listed in note 27.

When the Group loses control of a subsidiary, the subsidiary is deconsolidated. The gain or loss on disposal of a business is calculated as the difference between the fair value of the consideration received or receivable, including any contingent consideration, and the carrying value of the attributable assets and liabilities, reflecting the conditions at the date of the disposal and the terms agreed with the purchaser. Transaction costs incurred in connection with a disposal, such as legal fees, are recognised in the income statement as incurred.

Notes to the financial statements continued

11 Investments in subsidiaries continued

LLP

Investments in subsidiaries are measured at cost less impairment.

	2022 £m	2021 £m
Shares in subsidiary undertakings		
Cost at beginning and end of financial year	68	68
Accumulated impairment at beginning and end of financial year	11	11
Net book amount at end of prior financial year	57	57
Net book amount at end of financial year	57	57

Non-controlling interests in subsidiary undertakings

The non-controlling interest profits attributable to the individuals who are members of 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 Group owns 100% of the ordinary shares of PricewaterhouseCoopers (Middle East Group) Limited and the local Middle East partners own 'B' shares, which provide the partners with certain income access rights. The pre-consolidated reserves of this company and its subsidiaries at 30 June 2022, attributable to non-controlling interests, showed a surplus of £135m (2021: deficit of £1m). At 30 June 2022, the local partners had also provided capital loans totalling £161m (2021: £120m).

Set out below is summarised consolidated financial information for PricewaterhouseCoopers (Middle East Group) Limited and its subsidiaries, before intercompany eliminations with the remainder of the Group:

Summarised consolidated statement of financial position

	2022 £m	2021 £m
Current		
Assets	760	529
Borrowings	(16)	(14)
Lease liabilities	(10)	(11)
Other liabilities	(281)	(259)
Total current net assets	453	245
Non-current		
Assets	148	144
Borrowings	(41)	(50)
Lease liabilities	(64)	(60)
Local partner capital	(161)	(120)
Other liabilities	(88)	(68)
Retirement benefits	(58)	(45)
Total non-current net liabilities	(264)	(199)
Net assets	189	46
Equity		
Share capital	54	47
Reserves	135	(1)
Total equity	189	46
Shareholder and local partners' interests		
Share capital	54	47
Local partner capital	161	120
Equity reserves attributable to local partners	135	(1)
Total shareholder and local partners' interests	350	166

Notes to the financial statements continued

11 Investments in subsidiaries continued

Summarised consolidated income statement

	2022 £m	2021 £m
Revenue	1,063	841
Profit before income tax expense	337	216
Income tax expense	(28)	(58)
Other comprehensive expense	(3)	(4)
Total comprehensive income	306	154
Total comprehensive income attributable to non-controlling interests	306	154

Summarised consolidated statement of cash flows

	2022 £m	2021 £m
Cash generated from operations	302	277
Income tax paid	(38)	(37)
Net cash generated from operating activities	264	240
Net cash outflow from investing activities	(32)	(26)
Net cash outflow from financing activities	(179)	(170)
Net increase in cash and cash equivalents	53	44
Foreign-exchange movements	21	(13)
Cash and cash equivalents at beginning of financial year	156	125
Cash and cash equivalents at end of financial year	230	156

12 Interests in joint ventures and associates

	2022 £m	2021 £m
Value at beginning of financial year	–	3
Share of profit	5	–
Disposals	–	(1)
Distributions received	(2)	(2)
Value at end of financial year	3	–

The Group's interests in joint ventures and associates are consolidated using the equity method of accounting. The investment is initially recognised at cost and the carrying value adjusted to recognise the Group's share of the profit or loss of the joint venture or associate 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 value of the investment.

At 30 June 2022, the Group held interests in the following three joint ventures and associates: PricewaterhouseCoopers Mobility Technology Services LLC, a now dormant entity which previously offered international mobility services; PricewaterhouseCoopers Service Delivery Centre Holdings (Katowice) B.V., which provides shared services for PwC network firms; and PwC Poland Services Limited, which offers specialised cloud-based solutions and transformational services. These joint ventures are not material to the Group.

During the financial year ended 30 June 2021, the Group disposed of its 27% equity interest in Tendable Limited (formerly Perfect Ward Limited), recognising a gain on disposal of £1m in the income statement.

All joint ventures and associates are listed in note 27.

Notes to the financial statements continued

13 Other investments

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Reservoir trust restricted assets held at amortised cost	60	61	60	61
Other investments held at amortised cost	30	30	6	6
Other investments held at fair value through profit or loss	15	4	2	3
	105	95	68	70

Other investments are measured at amortised cost less impairment where the investment is held to collect contractual cash flows that represent solely payments of principal and interest. Otherwise, they are measured at fair value. Income from investments is recognised in the income statement when entitlement is established.

Reservoir trust restricted assets held at amortised cost

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Value at beginning of financial year	61	51	61	51
Additions	–	10	–	10
Other impairment charges recognised in profit and loss	(1)	–	(1)	–
Value at end of financial year	60	61	60	61

During the financial year ended 30 June 2017, the LLP entered into a deed with the trustees of its two defined benefit pension schemes establishing a reservoir trust. Under the terms of the deed, the assets in the reservoir trust are restricted and are reserved to be used to meet any deficit, calculated in accordance with the terms of the deed, in the schemes at 31 March 2026, being the end of the trust term, or earlier if certain triggers are met. The trust assets will only be available to the LLP to the extent that they are not needed to meet any deficit in the schemes at that date. Notwithstanding these conditions, the trust assets do not constitute plan assets under IAS 19 'Employee benefits' and are therefore presented as restricted assets within other investments.

The LLP did not make any contributions into this trust during the financial year ended 30 June 2022 (2021: £10m) and it does not expect to do so over the remainder of the trust term.

During the financial year ended 30 June 2021, the LLP entered into an additional deed with the trustees of its defined benefit pension schemes to establish a second reservoir trust. The Group has undertaken to contribute up to £58m into this trust in the period from 30 June 2024 to 31 July 2026, dependent on the size of the funding deficit. Under the terms of the deed, the assets in this reservoir trust will also be restricted and reserved to be used to meet any deficit, calculated in accordance with the terms of the deed, in the schemes at certain designated dates being: 31 March 2026, 31 March 2027, 31 March 2028 and 31 March 2029, or earlier if certain triggers are met.

Reservoir trust restricted assets, primarily comprising United Kingdom gilts, are considered to have a low credit risk and the loss allowance is therefore limited to the 12 month expected credit loss. The Group and the LLP have assessed the expected credit loss on reservoir trust restricted assets and no loss allowance has been recognised in the financial year ended 30 June 2022 (2021: nil). Other impairment charges of £1m were recognised in the financial year ended 30 June 2022 (2021: nil).

Other investments held at amortised cost

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Value at beginning of financial year	30	43	6	6
Additions	–	–	–	–
Redemption of investments	(2)	(11)	–	–
Foreign-exchange movements recognised in profit or loss	2	(2)	–	–
Value at end of financial year	30	30	6	6

Notes to the financial statements continued

13 Other investments continued

Other investments held at amortised cost continued

During the financial year ended 30 June 2022, the Group benefitted from the redemption of £1m (2021: £10m) of repayable interest-bearing subordinated loan notes issued by an entity in the PwC global network. At 30 June 2022, the Group's total investment in repayable interest-bearing subordinated loan notes from entities in the PwC global network, after foreign-exchange movements, was £21m (2021: £21m), which is primarily denominated in US dollars with £7m in euros (2021: £7m). At 30 June 2022, the LLP held £6m (2021: £6m) of these loans, denominated in euros.

During the financial year ended 30 June 2022, the Group also received a £1m redemption (2021: £1m) of repayable interest-bearing preference shares issued by PwC Poland Services Limited, a joint venture entity (see note 12). At 30 June 2022, the Group's total investment in these preference shares, after foreign-exchange movements, was £9m (2021: £9m), denominated in euros.

The amortised cost of repayable interest-bearing subordinated loan notes and preference shares are calculated as the present value of the expected future cash flows from these instruments, discounted at a market-related rate of interest.

The repayable interest-bearing subordinated loan notes and preference shares are considered to have a low credit risk and the loss allowance is therefore limited to the 12 month expected credit loss. The Group and the LLP have assessed the expected credit loss on these assets and no loss allowance has been recognised in the financial year ended 30 June 2022 (2021: nil).

Other investments held at fair value through profit or loss

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Value at beginning of financial year	4	20	3	14
Additions	12	–	–	–
Disposals	(1)	–	(1)	–
Redemption of investments	–	(25)	–	(18)
Remeasurement gains recognised in profit or loss	–	9	–	7
Value at end of financial year	15	4	2	3

During the financial year ended 30 June 2022, the Group invested £12m (2021: nil) in preference shares issued by the PwC Central and Eastern European firm. At 30 June 2022, the carrying value of these shares was £12m (2021: nil), denominated in US dollars.

During the financial year ended 30 June 2022, the LLP also disposed of £1m (2021: nil) of equity investments. At 30 June 2022, the Group and the LLP continued to hold equity investments in entities in the PwC global network of £3m (2021: £4m) and £2m (2021: £3m), respectively.

During the prior financial year ended 30 June 2021, the LLP recognised remeasurement gains of £7m on preference shares in the PwC Central and Eastern European firm and benefitted from the redemption of these preference shares, initially in part for consideration of £2m and subsequently in full for consideration of £16m.

During the prior financial year ended 30 June 2021, the Group also recognised remeasurement gains of £2m on preference shares in the PwC Central and Southern African firm and benefitted from the redemption of these preference shares in full for consideration of £7m.

The fair values of investments in entities in the PwC global network have been determined using the dividend discount model. The key assumption used is the discount rate applied against anticipated future returns. A reasonable change in the key assumption used in assessing the fair values would not have had a significant impact on the carrying value.

Notes to the financial statements continued

14 Trade and other receivables

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Trade and other receivables	1,580	1,250	1,000	834
Assets classified as held-for-sale (note 5)	–	60	–	56
	1,580	1,310	1,000	890
Comprising:				
Client receivables	881	738	524	492
Due from PwC network firms	110	66	105	60
Trade receivables	991	804	629	552
Contract assets	475	432	325	317
Trade receivables and contract assets	1,466	1,236	954	869
Amounts due from subsidiary undertakings	–	–	11	15
Other receivables	60	25	31	3
Prepayments	54	49	4	3
	1,580	1,310	1,000	890

Group and LLP trade receivables and contract assets are carried at amortised cost less provisions for lifetime estimated credit losses and impairments. Estimated future credit losses are first recorded on the initial recognition of a receivable and are based on the ageing of the receivable balance, historical credit loss experience and forward-looking considerations. Individual trade receivables and contract assets are written off when management deem them not to be collectible. Further details on credit risk are disclosed in note 25.

Contract assets are reclassified as trade receivables when billed to clients and the consideration has become unconditional because only the passage of time is required before payment is due.

Other receivables include consideration of £19m (2021: nil) for the Group and £9m (2021: nil) for the LLP related to the disposal of the global mobility and immigration services business during the financial year ended 30 June 2022. Further details are disclosed in note 5.

The expected loss rates for trade receivables and contract assets, as presented below, are based on the payment profile and the shared credit risk characteristics arising in the different regions and industries in which the Group operates, incorporating forward-looking information based on the clients' industries and financial position.

		30 days or less	31 to 90 days	91 to 180 days	181 to 270 days	271 to 365 days	More than 365 days
United Kingdom and Channel Islands	Current financial year	0.1%	0.4%	1.8%	6.9%	24.0%	70.6%
	Prior financial year	0.1%	0.4%	2.0%	7.2%	24.7%	97.0%
Middle East	Current financial year	1.0%	1.7%	4.2%	11.9%	25.7%	67.4%
	Prior financial year	1.2%	2.0%	4.8%	14.4%	25.2%	100.0%

Notes to the financial statements continued

14 Trade and other receivables continued

The ageing of trade receivables and contract assets and the resulting provisions are presented below:

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
30 days or less	499	464	402	359
31 to 90 days	332	235	172	154
91 to 180 days	116	88	47	38
181 to 270 days	32	26	12	7
271 to 365 days	17	6	2	1
More than 365 days	35	42	6	9
Gross trade receivables	1,031	861	641	568
Gross contract assets	477	434	325	317
	1,508	1,295	966	885
Expected credit losses	(37)	(53)	(9)	(12)
Other impairment provisions	(5)	(6)	(3)	(4)
	(42)	(59)	(12)	(16)
Trade receivables and contract assets	1,466	1,236	954	869

Movements in lifetime expected credit losses and other impairment provisions on trade receivables and contract assets were as follows:

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Balance at beginning of financial year	(59)	(62)	(16)	(20)
Income statement:				
Charge for the financial year	(31)	(36)	(12)	(14)
Released unused during the financial year	39	29	11	13
Exchange differences	(4)	–	–	–
Utilised during the financial year	13	10	5	5
Balance at end of financial year	(42)	(59)	(12)	(16)

Amounts due from subsidiary undertakings are considered to have a low credit risk and the loss allowance is therefore limited to the 12 month expected credit loss. The LLP has assessed the expected credit loss on these assets and no loss allowance has been recognised in the financial year ended 30 June 2022 (2021: nil).

The other classes of assets within trade and other receivables do not contain impaired assets.

The carrying value of trade and other receivables in the Group and the LLP is consistent with fair value in the current and prior financial years.

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.

Notes to the financial statements continued

15 Cash and cash equivalents

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Cash at bank and in hand	249	208	9	9
Short-term deposits	879	598	806	549
Total cash and cash equivalents	1,128	806	815	558

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.

Bank overdrafts are included within borrowings, in current liabilities, in the statement of financial position. There were no bank overdrafts at 30 June 2022 (2021: nil).

16 Trade and other payables

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Trade and other payables	1,053	932	949	802
Liabilities classified as held-for-sale (note 5)	–	25	–	7
	1,053	957	949	809
Comprising:				
Trade payables	158	137	–	–
Amounts owed to subsidiary undertakings	–	–	699	545
Social security and other taxes	148	125	10	17
Other payables	55	67	35	46
Accruals	468	422	41	57
Contract liabilities	224	206	164	144
	1,053	957	949	809

Trade and other payables are measured at amortised cost.

During the financial year ended 30 June 2022, £182m of the Group's £206m and £126m of the LLP's £144m recorded contract liabilities at 30 June 2021 were recognised as revenue. During the prior financial year ended 30 June 2021, £216m of the Group's £243m and £140m of the LLP's £160m recorded contract liabilities at 30 June 2020 were recognised as revenue.

Due to the short maturity of trade and other payables in the Group and the LLP, the carrying value is consistent with fair value in the current and prior financial year. Group current trade payables include amounts owing to PwC network firms totalling £122m (2021: £88m).

Notes to the financial statements continued

17 Borrowings

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Current	16	14	–	–
Non-current	41	50	–	–
	57	64	–	–

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.

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 and charged to the income statement from draw-down. Where there is no evidence that any of the facility will be drawn down, the fee is charged to the income statement over the period of the facility.

The Group's borrowings at 30 June 2022 and 30 June 2021 were unsecured and denominated in US dollars. Borrowings are subject to floating interest rates, partially swapped to a fixed rate through the use of interest rate swap agreements, and are repayable within four financial years.

The Group has complied with the financial covenants of its borrowing facilities during the current and prior financial years.

The carrying values of borrowings approximate their fair value.

Further details of the Group's exposure to financial risks arising from borrowings are set out in note 25.

18 Liabilities arising from financing activities

The Group and the LLP's liabilities arising from financing activities were as follows:

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Bank borrowings (note 17)	57	64	–	–
Lease liabilities (note 9)	749	792	–	–
Members' capital (note 20)	274	270	274	270
Other liabilities (note 21)	164	123	–	–
	1,244	1,249	274	270

Notes to the financial statements continued

18 Liabilities arising from financing activities continued

The following table illustrates the movements in liabilities arising from financing activities, including both changes arising from cash and non-cash flows:

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Non-cash flows from financing activities				
Interest payable	5	5	–	–
Finance charges on lease liabilities	18	19	–	–
Allocated profit	1,097	940	893	799
Recognition of new lease liabilities in the financial year	17	15	–	–
Exchange differences	35	(9)	–	–
	1,172	970	893	799
Cash flows from financing activities				
Repayment of borrowings	(16)	(19)	–	–
Lease liabilities:				
Finance charges on lease liabilities	(18)	(19)	–	–
Principal payments of lease liabilities	(70)	(66)	–	–
Interest paid	(5)	(5)	–	–
Capital contributions by members	28	21	28	21
Capital repayments to members	(24)	(28)	(24)	(28)
Payments to members	(893)	(799)	(893)	(799)
Capital contributions by non-controlling interest partners	65	21	–	–
Capital repayments to non-controlling interest partners	(40)	(16)	–	–
Payments to non-controlling interests	(204)	(141)	–	–
	(1,177)	(1,051)	(889)	(806)
Net (decrease) increase in liabilities arising from financing activities	(5)	(81)	4	(7)
Liabilities arising from financing activities at beginning of financial year	1,249	1,330	270	277
Liabilities arising from financing activities at end of financial year	1,244	1,249	274	270

Notes to the financial statements continued

19 Provisions and contingent liabilities

Group

	Annuities £m	Property £m	Claims and regulatory proceedings £m	Total £m
Balance at beginning of prior financial year	40	21	35	96
Income statement:				
Charge for the financial year	6	1	38	45
Released unused during the financial year	–	–	(8)	(8)
Unwinding of discount	1	–	–	1
Transfer to accruals	–	–	(3)	(3)
Cash payments	(2)	(1)	(7)	(10)
Balance at end of prior financial year	45	21	55	121
Exchange differences	5	–	–	5
Income statement:				
Charge for the financial year	12	2	36	50
Released unused during the financial year	–	–	(4)	(4)
Unwinding of discount	2	–	–	2
Transfer to accruals	–	(3)	(2)	(5)
Cash payments	(2)	(2)	(18)	(22)
Balance at end of financial year	62	18	67	147

LLP

	Claims and regulatory proceedings £m
Balance at beginning of prior financial year	33
Income statement:	
Charge for the financial year	36
Released unused during the financial year	(8)
Transfer to accruals	(3)
Cash payments	(5)
Balance at end of prior financial year	53
Income statement:	
Charge for the financial year	36
Released unused during the financial year	(4)
Transfer to accruals	(2)
Cash payments	(18)
Balance at end of financial year	65

Notes to the financial statements continued

19 Provisions and contingent liabilities continued

Disclosed as:

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Current	1	2	–	–
Non-current	146	119	65	53
	147	121	65	53

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 risk-free rates.

Annuities

The Group's financial statements consolidate the provision made for the annuities payable by certain subsidiary undertakings to current and former partners in those undertakings, principally in relation to the Middle East. These 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 used in calculating the annuities provision are an assumed retirement age of 57 (2021: 57), discount rates of 4.4% for US dollar denominated annuities (2021: 3.5% for US dollar denominated), and inflation rates of 2.3% for US dollar denominated annuities (2021: 2.3% for US dollar denominated). The annuities provision is expected to unwind over 23 years.

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 surviving spouses 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 ('onerous provision') and to restore premises to their original condition upon vacating them where such an obligation exists under the lease ('dilapidations provision'). The provisions are based on estimated future cash flows that have been discounted to present value, with the unwinding of the discount presented in the income statement as a finance expense.

Property provisions at 30 June 2022 and 30 June 2021 comprise substantially dilapidations provisions. The provisions are based on estimated future cash flows that have been discounted to present value at an average rate of 3.0% (2021: 1.7%). The property provisions are expected to unwind over 18 years.

The onerous provision covers the estimated unavoidable non-rental costs of leased properties, including service charges, up to the end of the lease term.

Claims and regulatory proceedings

In common with comparable professional service practices, the Group is involved in a number of disputes in the ordinary course of business which may give rise to claims by clients or investigations commenced by regulatory bodies which may lead to regulatory proceedings. The Group defends such claims where appropriate and where costs are likely to be incurred in defending and concluding such matters and can be measured reliably they are provided for in the financial statements. Amounts provided for are based on management's assessment of the specific circumstances in each case. The Group recognises expected reimbursements from professional indemnity insurance when it is virtually certain that the reimbursement will be received. No separate disclosure is made of the detail of such claims or proceedings, or the costs recovered by insurance, as to do so could seriously prejudice the position of the Group. Claims are assessed as being settled in full within the next five years.

Notes to the financial statements continued

19 Provisions and contingent liabilities continued

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 considered less than probable or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are remote. In line with the policy above, details of contingent liabilities relating to claims and regulatory proceedings are not disclosed.

Financial guarantee contracts are initially recognised at fair value, which is calculated as the present value of the difference between the net contractual cash flows required under the debt instrument being guaranteed, and the net contractual cash flows that would have been required without the guarantee. Financial guarantees are subsequently measured at the higher of their initial fair value less cumulative amortisation, and the best estimate of the loss allowance determined in accordance with the expected credit loss model. The carrying value of the financial guarantees disclosed below is nil (2021: nil).

The Group has entered into US \$88m (2021: US \$68m) of guarantees with third-party banks in connection with professional services work performed in foreign territories, predominantly in the Middle East.

The LLP has entered into a US \$8m (2021: US \$43m) loan guarantee with a third-party bank in connection with a loan to an entity in the PwC global network. The Group has also entered into, subject to certain conditions, other cross guarantees and indemnities in respect of other entities in the PwC global network, which are considered remote and therefore not disclosed.

The LLP has provided guarantees in respect of the future lease commitments of PricewaterhouseCoopers Services Limited, a subsidiary company, totalling £479m over the remaining lease terms (2021: £523m). The majority of these commitments relate to the office premises at 7 More London and 1 Embankment Place. The LLP also guarantees the bank borrowings of PricewaterhouseCoopers Services Limited. At 30 June 2022, PricewaterhouseCoopers Services Limited's bank borrowings were nil (2021: nil).

20 Members' capital

	Group and LLP £m
Balance at beginning of prior financial year	277
Contributions by members	21
Repayments to members	(28)
Balance at end of prior financial year	270
Contributions by members	28
Repayments to members	(24)
Balance at end of financial year	274

Capital attributable to members retiring within one financial 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 2022 £m	Group and LLP 2021 £m
Current	12	14
Non-current	262	256
	274	270

Members' capital is classified as a financial liability. The carrying value of members' capital is consistent with its fair value in the current and prior financial 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 member's 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 up to 12 months' notice of retirement.

Notes to the financial statements continued

21 Other liabilities

The Group's other liabilities of £164m (2021: £123m) represent capital loans provided by non-controlling interest partners in subsidiary undertakings consolidated into the Group, primarily in relation to the Middle East. Non-controlling interest partners are required to provide 12 months' notice of retirement.

There were no other liabilities in the LLP for the financial years ended 30 June 2022 and 30 June 2021.

Disclosed as:

	Group		LLP	
	2022 £m	2021 £m	2022 £m	2021 £m
Current	9	6	-	-
Non-current	155	117	-	-
	164	123	-	-

22 Deferred tax

The movements in the Group's net deferred tax (liability) asset balances during the financial year were as follows:

	2022 £m	2021 £m
Balance at beginning of financial year	(3)	(1)
Charged to the income statement	(7)	(6)
Credited to the income statement	2	4
Balance at end of financial year	(8)	(3)

Deferred tax assets and liabilities are recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. Temporary differences relating to investments in subsidiaries are only provided for to the extent that it is probable that they will reverse in the foreseeable future. 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 assets and liabilities are offset when there is a legally enforceable right to offset related current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax is measured at the tax rates that are enacted or substantively enacted at the reporting date and expected to apply in the periods in which the temporary differences reverse. Deferred tax assets in the current and prior financial year are calculated using a tax rate of 19% for the period to 31 March 2023 and 25% thereafter (2021: 19% for the period to 31 March 2023 and 25% thereafter). Deferred tax liabilities in the current and prior financial year are calculated using the rates prevailing in the relevant jurisdictions.

At 30 June 2022, deferred tax assets primarily comprised accumulated tax losses and temporary differences between capital allowances and depreciation. Deferred tax liabilities primarily comprised other temporary timing differences.

Disclosed as:

	2022 £m	2021 £m
Deferred tax assets	11	12
Deferred tax liabilities	(19)	(15)
	(8)	(3)

At 30 June 2022, the Group had cumulative unrecognised tax losses of £27m (2021: £36m). Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

There was no deferred tax arising in the LLP for the financial years ended 30 June 2022 and 30 June 2021.

Notes to the financial statements continued

23 Retirement benefits

Defined contribution schemes

The Group's contributions to defined contribution schemes are charged to the consolidated income statement as they fall due. Costs of £171m (2021: £152m) were recognised by the Group and £22m (2021: £22m) by the LLP in respect of these schemes.

Defined benefit schemes

The Group's two defined benefit schemes in the United Kingdom 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 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 the projected unit credit method and 31 March 2020 individual member data, with allowance for transfers out since this date, rolled forward to the reporting date.

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

The consolidated income statement includes interest on the net defined benefit asset or obligation. Past service costs arising from changes to scheme benefits are recognised immediately in the consolidated 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 the vesting period.

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

Assumptions

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

	2022	2021	2020
Discount rate	3.8%	1.8%	1.4%
Inflation (RPI)	3.3%	3.2%	3.1%
Inflation (CPI)	2.7%	2.6%	2.1%
Expected rate of increase in salaries	2.4%	2.3%	2.1%
Expected average rate of increase in pensions in payment	2.5%	2.5%	2.5%

The majority of liabilities for the Fund and the Plan are indexed on a RPI basis, while some increases to pensions in payment and deferred member pensions before retirement increase based on CPI, and all are subject to annual caps and floors. The salary increase assumption applies to pre-2003 benefits only for in-service deferred members and is not significant to these financial statements.

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:

	2022			2021		
	Fund obligation increase £m	Plan obligation increase £m	Total obligation increase £m	Fund obligation increase £m	Plan obligation increase £m	Total obligation increase £m
0.5% decrease to discount rate	83	48	131	138	78	216
0.5% increase to salary increases	1	1	2	2	1	3
0.5% increase to inflation	39	23	62	63	36	99
One year increase to life expectancy	36	23	59	64	35	99

Notes to the financial statements continued

23 Retirement benefits continued

Defined benefit schemes continued

Sensitivity analysis continued

The figures at 30 June 2022 used in these financial statements assume that the mortality of the schemes' members will be in line with nationally published S3PMA and S3PFA_M mortality tables for males and females, respectively, adjusted to reflect the longer life expectancy of the schemes' members versus the standard table by a 93% scaling factor for males and 94% for females. Mortality improvements are assumed to be in line with Continuous Mortality Investigation ('CMI') 2021 projections, with a 1.25% p.a. long-term rate of improvement. Adjustments to the CMI 2021 projections allow for an initial addition to mortality improvements of 0.5% p.a., reflecting the difference between the schemes' population and the general population on which the model is based, and place a 15% weighting on 2020 mortality data.

The following table illustrates the life expectancy for a current pensioner member aged 65 at 30 June and a future pensioner member aged 45 at 30 June:

	2022		2021	
	Fund Years	Plan Years	Fund Years	Plan Years
Life expectancy of current pensioners at age 65:				
Male	22.6	22.6	22.8	22.8
Female	24.4	24.4	24.5	24.5
Life expectancy of future pensioners at age 65:				
Male	23.9	23.9	24.1	24.1
Female	25.9	25.9	26.0	26.0

Income statement

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

	2022			2021		
	Fund £m	Plan £m	Total £m	Fund £m	Plan £m	Total £m
Net interest income (note 6)	2	1	3	–	1	1
Past service cost (note 3)	(4)	–	(4)	–	–	–
Guaranteed minimum pension equalisation (note 3)	–	–	–	(1)	–	(1)
	(2)	1	(1)	(1)	1	–

Pensions accrued prior to 6 April 1997 are not required by statute to increase in payment and most such pensions in the Fund have no entitlement to increases. During the financial year ended 30 June 2022, the LLP's management chose to apply a discretionary 2% increase in this element of pension for all applicable pensioners in the Fund. The impact of this discretionary increase is £4m (2021: nil) on an IAS 19 basis as at the date of application, which has been recognised as a past service cost in the consolidated income statement.

On 20 November 2020, during the prior financial year ended 30 June 2021, the High Court issued a ruling on the equalisation of guaranteed minimum pension benefits ('GMPs'), which clarified the duty of the pension scheme trustees to equalise GMPs between members of different sexes for individuals who had transferred out of schemes since 17 May 1990. Using the C2 methodology set out in the judgment, the overall financial impact of the additional equalisation on an IAS 19 basis is £1m in respect of the Fund only. This charge was recognised as a past service cost in the consolidated income statement for the financial year ended 30 June 2021.

Notes to the financial statements continued

23 Retirement benefits continued

Defined benefit schemes continued

Scheme assets and defined benefit obligations

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

	Fund			Plan			Total £m
	Scheme assets £m	Defined benefit obligation £m	Total £m	Scheme assets £m	Defined benefit obligation £m	Total £m	
Fair value at beginning of prior financial year	1,851	(1,847)	4	1,025	(991)	34	38
Interest income (expense)	26	(26)	–	15	(14)	1	1
Guaranteed minimum pension equalisation	–	(1)	(1)	–	–	–	(1)
Recognised in the income statement	26	(27)	(1)	15	(14)	1	–
Remeasurements:							
Return on plan assets excluding amounts included in net interest	(9)	–	(9)	(9)	–	(9)	(18)
Changes in financial assumptions	–	62	62	–	32	32	94
Changes in demographic assumptions	–	10	10	–	7	7	17
Experience adjustments on defined benefit obligation	–	9	9	–	(8)	(8)	1
Recognised as other comprehensive (expense) income	(9)	81	72	(9)	31	22	94
Contributions by employer	20	–	20	9	–	9	29
Benefits paid	(75)	75	–	(34)	34	–	–
Fair value at end of prior financial year	1,813	(1,718)	95	1,006	(940)	66	161
Interest income (expense)	32	(30)	2	18	(17)	1	3
Past service cost	–	(4)	(4)	–	–	–	(4)
Recognised in the income statement	32	(34)	(2)	18	(17)	1	(1)
Remeasurements:							
Return on plan assets excluding amounts included in net interest	(326)	–	(326)	(178)	–	(178)	(504)
Changes in financial assumptions	–	391	391	–	225	225	616
Changes in demographic assumptions	–	14	14	–	9	9	23
Experience adjustments on defined benefit obligation	–	(4)	(4)	–	(7)	(7)	(11)
Recognised as other comprehensive (expense) income	(326)	401	75	(178)	227	49	124
Contributions by employer	27	–	27	7	–	7	34
Benefits paid	(68)	68	–	(32)	32	–	–
Fair value at end of financial year	1,478	(1,283)	195	821	(698)	123	318

Notes to the financial statements continued

23 Retirement benefits continued

Defined benefit schemes continued

Scheme assets and defined benefit obligations continued

Contributions paid during the financial year ended 30 June 2022 included £26m (2021: £25m) of deficit reduction contributions, £4m (2021: nil) in respect of the discretionary pension increase, £1m (2021: nil) of investment income from the reservoir trust and £3m (2021: £4m) in respect of other funding costs.

The LLP has entered into agreements with the schemes' trustees to establish two reservoir trusts. During the financial year ended 30 June 2022, the LLP did not make any contributions into these trusts (2021: £10m). The LLP next expects to make contributions in the financial year ending 30 June 2024, subject to certain criteria. Further details are provided in note 13.

The actual return on scheme assets during the financial year ended 30 June 2022 was a decrease of £454m (2021: increase of £23m). Both the Fund and the Plan have significant liability driven investments ('LDIs'), the purpose of which is to reduce exposure to changes in interest rates and inflation. The LDI holdings primarily comprise fixed interest and inflation linked gilts, repurchase and reverse repurchase holdings in these gilts and interest rate and inflation swaps. Within derivative financial instruments are foreign-exchange contracts, the purpose of which is to reduce the exposure of bonds and multi-asset/hedge funds denominated in US dollars to changes in foreign-exchange, and equity derivatives.

The allocation and market value of assets of the defined benefit schemes were as follows:

	2022			2021		
	Fund £m	Plan £m	Total £m	Fund £m	Plan £m	Total £m
Bonds	872	468	1,340	997	559	1,556
Gilts	428	264	692	640	357	997
Cash	140	87	227	91	50	141
Multi-asset/hedge funds	101	37	138	81	43	124
Derivative financial instruments	(63)	(35)	(98)	4	(3)	1
Total scheme assets	1,478	821	2,299	1,813	1,006	2,819
Defined benefit obligations	(1,283)	(698)	(1,981)	(1,718)	(940)	(2,658)
Net retirement benefit assets	195	123	318	95	66	161

Future cash funding

The Fund and the Plan are valued formally every three years by the schemes' independent actuary, Mercer Ltd. The most recent finalised full actuarial valuations for both the Fund and the Plan were at 31 March 2020. These valuations were conducted under the Scheme Funding Regulations (Pensions Act 2004) and indicated a combined deficit of £315m at that time on the technical provisions basis.

In agreement with the schemes' trustees, the Group agreed to continue making deficit reduction payments of £25m per annum over the period from 1 April 2017 to 31 March 2024. The Group therefore currently expects to contribute £25m in the financial year ending 30 June 2023. As described in note 13, the Group also undertook to contribute up to £58m in the period from 30 June 2024 to 31 July 2026 into a second reservoir trust arrangement, subject to certain ongoing funding requirements being met.

The next full actuarial valuation will be carried out with an effective date of 31 March 2023.

End-of-service benefit schemes

The Group's end-of-service benefits are for employees in the Middle East, as required by labour laws in certain Middle Eastern countries. The value of these benefits is primarily based on cumulative periods of service and the level of employees' final basic salaries. The end-of-service benefits are unfunded. The liabilities have been assessed for accounting purposes using the projected unit credit method and individual member data at the reporting date.

The liability recognised in the consolidated statement of financial position is the present value of the defined benefit obligation calculated at the end of the reporting period in accordance with IAS 19. Estimated future cash outflows are discounted at rates reflecting the market yield of high quality corporate bonds denominated in the currency in which the benefits will be paid and having terms approximating the estimated term of the retirement benefit obligations at the end of the reporting 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 end-of-service benefit schemes are recognised in the consolidated income statement.

Notes to the financial statements continued

23 Retirement benefits continued

End-of-service benefit schemes continued

Assumptions

	United Arab Emirates	Kingdom of Saudi Arabia	Oman	Qatar	Kuwait
2022					
Discount rate	4.8%	3.9%	7.9%	5.1%	5.3%
Expected rate of increase in salaries	4.8%	3.9%	7.9%	5.1%	5.3%
2021					
Discount rate	3.3%	3.8%	6.1%	3.4%	3.8%
Expected rate of increase in salaries	3.3%	3.8%	6.1%	3.4%	3.8%

Sensitivity analysis

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

	2022	2021
	Total obligation increase £m	Total obligation increase £m
0.5% decrease to discount rate	2	2
0.5% increase to salary increases	2	2
0.5% increase to life expectancy	–	–

The figures used in these financial statements assume that the mortality of the employees to whom end-of-service benefits apply will be in line with the published Canadian Pensioners' Mortality ('CPM') 1999 mortality table, with improvement factors as per CPM scale B (2000–2030).

End-of-service benefit obligations

The amounts recognised in the Group's statement of financial position and the analysis of the movement in the end-of-service benefit obligations is as follows:

	£m
Fair value at beginning of prior financial year	44
Exchange differences	(4)
Recognised in the income statement:	
Current service cost	9
Interest expense	1
Recognised as other comprehensive expense	3
Benefits paid	(8)
Fair value at end of prior financial year	45
Exchange differences	5
Recognised in the income statement:	
Current service cost	10
Interest expense	2
Recognised as other comprehensive expense	6
Benefits paid	(10)
Fair value at end of financial year	58

Notes to the financial statements continued

23 Retirement benefits continued

Remeasurements of retirement benefits

	2022 £m	2021 £m
Defined benefit schemes	124	94
End-of-service benefit obligations	(6)	(3)
	118	91

24 Total members' interests

During the financial 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 the annual financial statements of the Group are approved. Unallocated profits are included in reserves within 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 financial year.

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

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 financial year	277	618	–	895	7	–
Profit for the financial year available for division among members	–	1,001	–	1,001	170	–
	277	1,619	–	1,896	177	–
Allocated profit	–	(799)	799	–	(141)	141
Movement on cash flow hedges	–	(1)	–	(1)	2	–
Remeasurements of retirement benefits	–	94	–	94	(3)	–
Translation of foreign operations	–	(1)	–	(1)	(9)	–
Contributions by members	21	–	–	21	–	–
Repayments to members	(28)	–	–	(28)	–	–
Drawings and distributions	–	–	(799)	(799)	–	(141)
Balance at end of prior financial year	270	912	–	1,182	26	–
Profit for the financial year available for division among members	–	1,213	–	1,213	322	–
	270	2,125	–	2,395	348	–
Allocated profit	–	(893)	893	–	(204)	204
Movement on cash flow hedges	–	2	–	2	3	–
Remeasurements of retirement benefits	–	124	–	124	(6)	–
Translation of foreign operations	–	–	–	–	33	–
Contributions by members	28	–	–	28	–	–
Repayments to members	(24)	–	–	(24)	–	–
Drawings and distributions	–	–	(893)	(893)	–	(204)
Balance at end of financial year	274	1,358	–	1,632	174	–

Notes to the financial statements continued

24 Total members' interests continued

LLP

	Members' capital £m	Reserves £m	Amounts due to (from) members £m	Total £m
Balance at beginning of prior financial year	277	343	–	620
Profit for the financial year available for division among members	–	972	–	972
	277	1,315	–	1,592
Allocated profit	–	(799)	799	–
Remeasurements of retirement benefits	–	94	–	94
Contributions by members	21	–	–	21
Repayments to members	(28)	–	–	(28)
Drawings and distributions	–	–	(799)	(799)
Balance at end of prior financial year	270	610	–	880
Profit for the financial year available for division among members	–	1,135	–	1,135
	270	1,745	–	2,015
Allocated profit	–	(893)	893	–
Remeasurements of retirement benefits	–	124	–	124
Contributions by members	28	–	–	28
Repayments to members	(24)	–	–	(24)
Drawings and distributions	–	–	(893)	(893)
Balance at end of financial year	274	976	–	1,250

25 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 and interest rate swaps, are held or issued in order to manage the Group's currency and interest rate risks arising from its operations and sources of finance. 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 financial 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.

Notes to the financial statements continued

25 Financial instruments continued

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 sources primarily comprise 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:

- Other investments (note 13) – investments held at amortised cost, comprising reservoir trust restricted assets, subordinated loan notes and preference shares from entities in the PwC global network; and investments held at fair value through profit or loss, comprising equity holdings in entities in the PwC global network.
- Trade and other receivables (note 14) – primarily trade receivables, in respect of services provided to clients, for which payment has not yet been received.
- Cash and cash equivalents (note 15) – the Group manages its cash resources in order to meet its daily working capital requirements. Cash and any outstanding debt are kept to a minimum and liquid fund deposits are maximised.
- Trade and other payables (note 16) – primarily trade payables and accruals in respect of services received from suppliers.
- Borrowings (note 17) – primarily amounts drawn down under the Group's facility arrangements.
- Lease liabilities (note 9) – the present value of the Group's expected future lease payments for the underlying right-of-use assets during the lease term.
- Provisions (note 19) – comprising the Group's annuity obligations.
- Members' capital (note 20) – the Group requires members to provide long-term financing, which is classified as a liability.
- Other liabilities (note 21) – comprising capital loans provided by non-controlling interest partners in subsidiary undertakings consolidated into the Group, primarily in relation to the Middle East.

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, interest rate and foreign currency exposures. Hedging is undertaken against specific exposures to reduce risk and no speculative trading is permitted. The Group's hedges are in respect of foreign currency risk and interest rate risk.

When measuring the fair value of an asset or liability, the Group uses observable inputs where possible. The inputs to valuations used to measure fair values are categorised into different levels in a fair value hierarchy as follows:

- Level 1 – using quoted prices in active markets for identical assets and liabilities.
- Level 2 – using observable inputs other than quoted prices in active markets.
- Level 3 – using inputs that are not based on observable market data, such as internal models or other valuation methods.

Fair value through profit or loss investments (note 13) include £15m (2021: £4m) of other investments measured at fair value using unobservable inputs (level 3), comprising certain equity investments in entities in the PwC global network.

The fair values of all derivatives are based on observable inputs (level 2).

There have been no transfers of any financial assets and liabilities between levels 1, 2 and 3 during the current or prior financial year.

For other financial assets and liabilities, fair value approximates their carrying value in the current and prior financial year.

Notes to the financial statements continued

25 Financial instruments continued

Group financial assets and liabilities by category

	2022			2021		
	Fair value through profit or loss £m	Derivatives used for hedging £m	Amortised cost £m	Fair value through profit or loss £m	Derivatives used for hedging £m	Amortised cost £m
Assets						
Other investments	15	–	90	4	–	91
Trade and other receivables	–	–	1,050	–	–	829
Cash and cash equivalents	–	–	1,128	–	–	806
Liabilities						
Trade and other payables	–	–	(677)	–	–	(622)
Borrowings	–	–	(57)	–	–	(64)
Lease liabilities	–	–	(749)	–	–	(792)
Provisions	–	–	(62)	–	–	(45)
Members' capital	–	–	(274)	–	–	(270)
Other liabilities	–	–	(164)	–	–	(123)
Derivative financial instruments						
Cash flow hedges	–	2	–	–	(3)	–
	15	2	285	4	(3)	(190)

LLP financial assets and liabilities by category

	2022		2021	
	Fair value through profit or loss £m	Amortised cost £m	Fair value through profit or loss £m	Amortised cost £m
Assets				
Other investments	2	66	3	67
Trade and other receivables	–	670	–	570
Cash and cash equivalents	–	815	–	558
Liabilities				
Trade and other payables	–	(771)	–	(644)
Members' capital	–	(274)	–	(270)
	2	506	3	281

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, taking into account expected cash receipts and payments, and arranging committed facilities to provide a minimum headroom of 25% of forecast peak borrowing levels. The Group's facilities at 30 June 2022, totalling £760m (2021: £841m), were predominantly held with ten (2021: ten) leading international banks, with £155m of facilities due to expire within one financial year, £205m between one and three financial years, and £400m within five financial years. Since 30 June 2022, £90m of the Group's UK facilities due to expire within one financial year have been renewed, on satisfactory terms, for a further full year. At 30 June 2022, outstanding borrowings of £57m related solely to amounts drawn down in the financial year ended 30 June 2020 by PricewaterhouseCoopers (Middle East Group) Limited and its subsidiaries, with £16m due within one financial year, £16m between one and two financial years and £25m within three financial years. The Group did not make any further draw-downs on its facilities during the financial years ended 30 June 2021 and 30 June 2022.

Notes to the financial statements continued

25 Financial instruments continued

Credit risk

Cash deposits and other financial instruments held with banks and other financial institutions give rise to counterparty risk. The Group manages this risk by reviewing counterparties' credit ratings regularly and limiting the aggregate amount and duration of exposure to any one counterparty, taking into account criteria such as 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 financial year ended 30 June 2022 was BBB+.

The Group's other significant credit risk relates to receivables from clients. Exposure to this 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 clients and by routine billing and cash collection for work performed.

Interest rate risk

Interest Rate Benchmark Reform has resulted in the withdrawal of London Interbank Offered Rate as a benchmark rate from 31 December 2021. The Group's borrowings and any surplus cash balances which are held at variable interest rates have been updated to reference alternative benchmark rates linked to Sterling Overnight Index Average ('SONIA') for sterling denominated instruments or US Secured Overnight Financing Rate ('SOFR') for US dollar denominated instruments. The transition has not had an impact on the pre-tax profits or derivative financial instruments of the Group.

A portion of the Group's recurring borrowings, arising primarily from the operations of PricewaterhouseCoopers (Middle East Group) Limited and its subsidiaries, are partially swapped to a fixed rate through the use of interest rate swap agreements and were also not impacted by the transition. The durations of the swap agreements match the duration of the debt instruments payable. The majority of the Group's long-term borrowings are subject to fixed US dollar interest rates after applying the impact of these hedging instruments. Outstanding borrowings at 30 June 2022 are denominated in US dollars, reflecting the composition of the Group's assets that are funded by the borrowings. A movement of 50 basis points in the interest rate on borrowings and surplus cash balances through the financial year would not have had a material impact on the pre-tax profits of the Group.

Foreign currency risk

The majority of the Group's income and expenditure is in sterling, with the exception of the operations of PricewaterhouseCoopers (Middle East Group) Limited and its subsidiaries, which are primarily denominated in US dollars/US dollar linked currencies. Refer to note 11 for summarised consolidated financial information for PricewaterhouseCoopers (Middle East Group) Limited.

Other fees and costs denominated in foreign currencies are mainly in connection with professional indemnity insurance and transactions with PwC global 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 this is deemed necessary and the relevant criteria are met. The Group's policy is to enter into appropriate forward or derivative transactions after a net economic exposure has been identified.

Derivative financial instruments

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group performs an assessment of effectiveness and if the critical terms of the hedging instrument no longer match with the terms of the hedged item the Group uses the hypothetical derivative method to assess effectiveness.

Foreign-exchange derivative contracts all mature in less than two years and are valued using market prices prevailing at the reporting date. Foreign currency forwards and options are denominated in the same currency as the highly probable future payments, therefore achieving a hedge ratio of 1:1. There was no ineffective portion recognised in the income statement for the financial year ended 30 June 2022 (2021: nil) in respect of these foreign-exchange derivative contracts and the effective portion of cash flow hedges recognised as other comprehensive income for the financial year ended 30 June 2022 was £2m (2021: £1m expense). The carrying value of foreign-exchange derivative contracts at 30 June 2022 was £2m asset (2021: £1m liability) and the notional principal amount of foreign-exchange derivative contracts at 30 June 2022 was £82m (2021: £140m).

Interest rate swaps mature in the financial year ending 30 June 2024 and have been valued using the interest rates prevailing at the reporting date. The durations of the swap agreements match the duration of the debt instruments, therefore achieving a hedge ratio of 1:1. There was no ineffective portion recognised in the income statement for the financial year ended 30 June 2022 (2021: nil) and the effective portion of cash flow hedges recognised as other comprehensive income for the financial year ended 30 June 2022 was £3m (2021: £2m). The carrying value of interest rate swaps at 30 June 2022 was nil (2021: £2m liability) and the notional principal amount of interest rate swap derivative contracts at 30 June 2022 was £41m (2021: £36m).

Notes to the financial statements continued

25 Financial instruments continued

Interest rate profile of financial assets and liabilities

Group short-term deposits with banks of £879m (2021: £598m) and Group borrowings of £57m (2021: £64m) were subject to floating interest rates. LLP short-term deposits with banks of £806m (2021: £549m) were also subject to floating interest rates. Group investments include floating rate subordinated loan notes of £21m (2021: £21m) and fixed rate preference shares of £9m (2021: £9m). LLP investments include floating rate subordinated loan notes of £6m (2021: £6m).

Currency profile of financial assets and liabilities

Group

	2022				2021			
	Sterling £m	US dollar/ US dollar linked £m	Euro £m	Other £m	Sterling £m	US dollar/ US dollar linked £m	Euro £m	Other £m
Assets								
Other investments	60	28	17	–	61	16	18	–
Trade and other receivables	557	437	41	15	505	281	32	11
Cash and cash equivalents	897	231	–	–	650	156	–	–
Liabilities								
Trade and other payables	(441)	(203)	(25)	(8)	(421)	(161)	(30)	(10)
Borrowings	–	(57)	–	–	–	(64)	–	–
Lease liabilities	(675)	(74)	–	–	(722)	(70)	–	–
Provisions	–	(62)	–	–	–	(45)	–	–
Members' capital	(274)	–	–	–	(270)	–	–	–
Other liabilities	(3)	(161)	–	–	(3)	(120)	–	–
Derivative financial instruments								
Cash flow hedges	2	–	–	–	(1)	(2)	–	–
Total	123	139	33	7	(201)	(9)	20	1

LLP

	2022				2021			
	Sterling £m	US dollar/ US dollar linked £m	Euro £m	Other £m	Sterling £m	US dollar/ US dollar linked £m	Euro £m	Other £m
Assets								
Other investments	60	2	6	–	61	3	6	–
Trade and other receivables	577	50	39	4	499	37	31	3
Cash and cash equivalents	815	–	–	–	558	–	–	–
Liabilities								
Trade and other payables	(771)	–	–	–	(644)	–	–	–
Members' capital	(274)	–	–	–	(270)	–	–	–
Total	407	52	45	4	204	40	37	3

Notes to the financial statements continued

26 Related party transactions

The LLP and the PricewaterhouseCoopers United Kingdom Partnership ('United Kingdom Partnership') are related parties because they are both controlled by the same group of individuals. 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 financial year ended 30 June 2022, the LLP provided services to the United Kingdom Partnership to the value of £87,000 (2021: £87,000) under these arrangements. There were no balances outstanding at 30 June 2022 in respect of these services (2021: 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 annuity and certain other post-retirement payments due to certain former partners of that partnership. For the financial year ended 30 June 2022, the LLP charged the United Kingdom Partnership £200,000 (2021: £200,000) for these support services. At 30 June 2022, balances due to the LLP from the United Kingdom Partnership amounted to nil (2021: nil). Amounts paid during the financial year ended 30 June 2022 to the annuitants, on behalf of the continuing members in their capacity as partners of the United Kingdom Partnership, totalled £103m (2021: £100m).

Group transactions with joint ventures and associates

Details of the Group's interests in joint ventures and associates are provided in note 12.

The transactions during the financial year with these related parties were as follows:

	2022 £m	2021 £m
Redemption of preference shares in		
PwC Poland Services Limited	(1)	(1)
Distributions received from		
PricewaterhouseCoopers Service Delivery Centre Holdings (Katowice) B.V.	(1)	(1)
PwC Poland Services Limited	(1)	(1)
Purchase of services from related parties		
PricewaterhouseCoopers Service Delivery Centre Holdings (Katowice) B.V.	20	19
PwC Poland Services Limited and subsidiary undertakings	15	15
Provision of services to related parties		
PricewaterhouseCoopers Mobility Technology Services LLC	–	(2)
Finance income from related parties		
PwC Poland Services Limited	(1)	(1)

The Group's receivable (payable) balances at 30 June with related parties were as follows:

	2022 £m	2021 £m
PwC Poland Services Limited and subsidiary undertakings	9	11
PricewaterhouseCoopers Service Delivery Centre Holdings (Katowice) B.V.	(2)	(2)

During the prior financial year ended 30 June 2021, the Group disposed of its 27% equity interest in Tendable Limited (formerly Perfect Ward Limited), recognising a gain on disposal of £1m in the income statement (see note 12).

Notes to the financial statements continued

26 Related party transactions continued

LLP transactions with subsidiary undertakings, joint ventures and associates

The subsidiary undertakings, joint ventures and associates listed in note 27 are related parties of the LLP. The transactions during the financial year with these related parties were as follows:

	2022 £m	2021 £m
Purchase of services from related parties		
PricewaterhouseCoopers Services Limited	2,352	2,044
Other subsidiaries, joint ventures and associates	27	27
Provision of services to related parties		
Other subsidiaries, joint ventures and associates	(19)	(22)
Income received from investments in related parties		
PwC Holdings (UK) Limited	(22)	(64)
Other subsidiaries	(12)	(8)

The LLP's receivable (payable) balances at 30 June with related parties were as follows:

	2022 £m	2021 £m
PricewaterhouseCoopers Services Limited	(687)	(533)
PricewaterhouseCoopers (Middle East Group) Limited	7	4
PricewaterhouseCoopers Business Services Limited	2	–
PwC Business Consulting Services Limited (formerly Olivehorse Consulting Services Ltd)	1	–
Accounting Advisory (UK) LLP	(3)	–
PricewaterhouseCoopers Overseas Limited	(3)	(1)
PricewaterhouseCoopers Legal LLP	(1)	(7)
PwC Strategy & UK Holdings LLP	(1)	(1)
PwC Information Technology Services Limited	–	6
PwC Holdings (UK) Limited	–	5
Amounts due to other subsidiaries	(4)	(3)
Amounts due from joint ventures and associates	–	4

Details of movements in investments in subsidiary undertakings are provided in note 11.

Key management personnel

The Management Board represents key management personnel for the purposes of these financial statements. No remuneration charged as an expense has been paid to the members of the Management Board in the current or prior financial year.

The members of the Management Board, as members of the LLP, only receive allocations of profit, which are recognised as distributions in equity.

Notes to the financial statements continued

27 Subsidiary undertakings and joint ventures

Subsidiary undertakings

The entities listed below are those consolidated in the Group's financial statements, including partnerships, LLPs and other unincorporated entities. There are no entities directly or indirectly held by the LLP that have been excluded from the consolidated financial statements.

All subsidiary undertakings are 100% owned by the Group, with the exception of PwC IT Services Egypt LLC, which is 75% owned.

UK group companies	Country of incorporation	Share class	% directly held by the LLP
Registered office: 1 Embankment Place, London, WC2N 6RH			
AIMS Holdings No. 1 Limited	England	£1.00 ordinary shares	–
AIMS Holdings No. 2 Limited	England	£1.00 ordinary shares	–
Barbinder Executors & Trustees – (an unlimited company)	England	£1.00 ordinary shares	100
Barbinder Freehold – (an unlimited company)	England	£1.00 ordinary shares	100
Beyond Food Community Interest Company	England	£1.00 ordinary shares	–
Cooper Brothers & Co. Limited	England	£1.00 ordinary shares	100
Coopers & Lybrand Limited	England	£1.00 ordinary shares	100
Embankment Place Primary Healthcare Limited	England	£1.00 ordinary shares	–
Farringdon Trustees – (an unlimited company)	England	£0.10 ordinary shares	100
Frederick's Place Nominees – (an unlimited company)	England	£1.00 ordinary shares	100
Price Waterhouse Limited	England	£1.00 ordinary shares	–
Price Waterhouse MCS UK Holdings B.V.	The Netherlands	EUR 1.00 ordinary shares	100
PricewaterhouseCoopers (UK) Advisory Services (IE) Limited	England	£1.00 ordinary shares	–
PricewaterhouseCoopers (UK) Advisory Services (KU) Limited	England	£1.00 ordinary shares	–
PricewaterhouseCoopers Advisory Services Limited	England	£1.00 ordinary shares	–
PricewaterhouseCoopers ASM Limited	England	£1.00 ordinary shares	100
PricewaterhouseCoopers Business Advisory Services Limited	England	A and B class ordinary £1.00 shares	–
PricewaterhouseCoopers Business Services Limited	England	£1.00 ordinary shares	–
PricewaterhouseCoopers Consulting Services UK Limited	England	£1.00 ordinary shares	–
PricewaterhouseCoopers CFR Limited	England	£1.00 ordinary shares	–
PricewaterhouseCoopers Corporate Business Services Limited (formerly PricewaterhouseCoopers ME Holdings Ltd.)	England	£1.00 ordinary shares	100
PricewaterhouseCoopers Overseas Limited	England	£1.00 ordinary shares	100
PricewaterhouseCoopers Services Limited	England	£1.00 ordinary shares	–
PwC Business Consulting Services Limited (formerly Olivehorse Consulting Services Ltd)	England	A, B and C class ordinary £1.00 shares	–
PwC Change Management Holdings Limited	England	A and B class ordinary £0.10 shares	–
PwC Change Management Limited	England	£1.00 ordinary shares	–
PwC Consulting Associates Limited	England	£1.00 ordinary shares	–
PwC Customs Intermediary Services Limited	England	£1.00 ordinary shares	–
PwC Digital Services (UK) Limited	England	A and C class ordinary £1.00 shares	–
PwC London Bridge Limited	England	£1.00 ordinary shares	–
PwC Holdings (UK) Limited	England	£1.00 ordinary shares	100
PwC Information Technology Services Limited	England	£1.00 ordinary shares	–
PwC Performance Solutions Limited	England	£0.05 ordinary shares	–
PwC Strategy& (UK) Ltd.	England	£1.00 ordinary shares	–
PwC Strategy& Services (UK) Limited	England	£1.00 ordinary shares	–
Regnology TIR UK Ltd. (formerly PwC Tax Information Reporting Limited)	England	£1.00 ordinary shares	–
PWSP – (an unlimited company)	England	£1.00 ordinary shares	99
Sustainable Finance Holdings Limited	England	A1, A2, B1, B2, C1 and C2 class ordinary £0.50 shares and £1.00 preference shares	–
Sustainable Finance Limited	England	£1.00 ordinary shares	–
Barbinder Trust.(The) – (an unlimited company)	England	£1.00 ordinary shares	100

Notes to the financial statements continued

27 Subsidiary undertakings and joint ventures continued

Subsidiary undertakings continued

UK group companies	Country of incorporation	Share class	% directly held by the LLP
Registered office: 1 Embankment Place, London, WC2N 6DX			
PricewaterhouseCoopers Legal (Resources) Limited	England	£1.00 ordinary shares	100
PwC Legal (UAE) Limited	England	£1.00 ordinary shares	100
Registered office: 1 Chamberlain Square Cs, Birmingham, B3 3AX			
Pecten Secretaries Limited	England	£1.00 ordinary shares	–
Petershill Secretaries Limited	England	£1.00 ordinary shares	100
Sunbury Secretaries Limited	England	£1.00 ordinary shares	100
Registered office: Atria One, 144 Morrison Street, Edinburgh, Scotland, EH3 8EX			
PricewaterhouseCoopers Assurance UK Limited	Scotland	£1.00 ordinary shares	–
Barbinder Trust (Scotland) (The) – (an unlimited company)	Scotland	£1.00 ordinary shares	–
Registered office: Office No.2047-2055, Spaces Inspire Hub Western Heights, J.P Road, 4 Bungalows, Andhen (West) Mumbai, Mumbai City, Maharashtra, India – 400053			
PricewaterhouseCoopers AIMS Support Services India Private Limited	India	INR 500 ordinary shares	–
Registered office: Royal Bank Place, 1 Gategny Esplanade, Guernsey, GY1 4ND			
PricewaterhouseCoopers Alliance Limited	Guernsey	£nil ordinary shares	50
Registered office: One International Towers, Watermans Quay, Bangaroo, NSW, Australia, 2000			
PricewaterhouseCoopers Information Technology Services (Australia) Holdings Pty Ltd	Australia	AUD 1.00 ordinary shares	–
PricewaterhouseCoopers Information Technology Services (Australia) Pty Ltd	Australia	AUD 1.00 ordinary shares	–
Selera Solutions Pty Ltd	Australia	AUD 1.00 ordinary shares	–
Registered office: Plot No. 211, Second Sector, City Center, New Cairo 11835, Egypt, P.O. Box 170, New Cairo			
PwC IT Services Egypt LLC	Egypt	USD 1.00 quotas	–
Channel Islands group companies	Country of incorporation	Share class	% directly held by the LLP
Registered office: P.O. Box 321, Royal Bank Place, 1 Gategny Esplanade, Guernsey, GY1 4ND			
Midhurst Properties Limited	Guernsey	£1.00 ordinary shares	–
Pembroke House Limited	Guernsey	£1.00 ordinary shares	–
PricewaterhouseCoopers Services (Guernsey) Limited	Guernsey	£1.00 ordinary shares	–
PwC Properties (Guernsey) Limited	Guernsey	£1.00 ordinary shares	–
Registered office: 37 Esplanade, St Helier, Jersey, JE1 4XA			
PricewaterhouseCoopers Professional Services Limited	Jersey	£1.00 ordinary shares	–
PricewaterhouseCoopers Services (Jersey) Limited	Jersey	£1.00 ordinary shares	–
PwC Channel Islands Limited	Jersey	£1.00 ordinary shares	–
PwC Properties (Jersey) Limited	Jersey	£1.00 ordinary shares	–
PwC Pension Scheme Trustees Limited	Jersey	£1.00 ordinary shares	–
Middle East group companies	Country of incorporation	Share class	% directly held by the LLP
Registered office: Adool Street, Ben Ashour, P.O. Box 81577, Tripoli, Libya			
Al Motahedoon Company Chartered Accountants and Registered Auditors LLC	Libya	LYD 20.00 ordinary shares	–
Registered office: 4th Floor, Al-Hitmi Building #8, Corniche Road, P.O. Box 25422, Doha, Qatar			
Harding Lowe Professionals LLC (in liquidation)	Qatar	AED 1.00 ordinary shares	–
Registered office: OMC Chambers, Wickams Cay 1, Road Town Tortola, British Virgin Islands			
HLP Consulting Limited	British Virgin Islands	USD 1.00 ordinary shares	–
Registered office: 3302 Saba Tower 1, Jumeirah Lakes Towers, Cluster E, Dubai, UAE			
PwC Digital Services	UAE	AED 1,000.00 ordinary shares	–
Registered office: Tornado Tower, 41st Floor, P.O. Box 6689, Doha, Qatar			
PricewaterhouseCoopers – Qatar LLC	Qatar	USD 1.00 A class shares	–
Registered office: Third Circle, Jabal Amman, 14 Hazza' Al-Majali Street, P.O. Box 5175, Amman 11183, Jordan			
PricewaterhouseCoopers "Jordan"	Jordan	JOD 1.00 ordinary shares	–
Registered office: 3rd Floor, Saba House Building, P.O. Box 11-3155, Block B&C, Said Freiha Street, Hazmieh, Beirut, Lebanon			

Notes to the financial statements continued

27 Subsidiary undertakings and joint ventures continued

Subsidiary undertakings continued

Middle East group companies	Country of incorporation	Share class	% directly held by the LLP
PricewaterhouseCoopers (Offshore) S.A.L.	Lebanon	LBP 30,000.00 ordinary shares	–
Registered office: P.O. Box 321, Royal Bank Place, 1 Glatigny Esplanade, St Peter Port, Guernsey, GY1 4ND			
PricewaterhouseCoopers (Holdings) Guernsey Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers (Middle East Group) Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers Alliance Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers Bahrain Holdco Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers Holdco Middle East Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers Iraq Holdco Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers KSA (Advisory) Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers Kuwait Holdco Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers Kuwait Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers Libya Holdco Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers Middle East Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers Oman Holdco Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers Palestinian Territories Holdco Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers Qatar Holdco Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers Qatar Limited	Guernsey	£nil ordinary shares	–
PricewaterhouseCoopers Saudi Arabia Holdco Limited	Guernsey	£nil ordinary shares	–
PwC Holdings Guernsey Limited	Guernsey	£nil ordinary shares	–
PwC Holdings Middle East Limited	Guernsey	£nil ordinary shares	–
Registered office: Kingdom Tower, P.O. Box 13934, Riyadh 11414, Kingdom of Saudi Arabia			
PricewaterhouseCoopers Advisory Limited	Saudi Arabia	SAR 2,000.00 ordinary shares	–
Registered office: Arraya Tower II, 23rd-24th Floor, Safat 13018, P.O. Box 1753, Al-Shuhada Street, Sharq, Kuwait			
PricewaterhouseCoopers Advisory Services Co. W.L.L.	Kuwait	KWD 5,000.00 membership units	–
Registered office: Plot No. 211, Second Sector, City Center, New Cairo 11835, Egypt, P.O. Box 170, New Cairo			
PricewaterhouseCoopers Financial Consultants S.A.E.	Egypt	EGP 100.00 ordinary shares	–
PricewaterhouseCoopers LLC	Egypt	EGP 100.00 ordinary shares	–
Strategy& (Egypt) LLC	Egypt	EGP 100.00 ordinary shares	–
Registered office: Salam Square – South 4th Floor, Suites 402-404, Madinat Al Sultan Qaboos, P.O. Box 3075 – Ruwi – P.C. 112, Muscat, Sultanate of Oman			
PricewaterhouseCoopers L.L.C.	Oman	OMR 1.00 ordinary shares	–
Registered office: Level 7, Amaar Tower, Al-irsal, P.O. Box 1317, Ramallah, Palestine			
PricewaterhouseCoopers Palestine Limited	Palestine	USD 100,000.00 ordinary shares	–
Registered office: Unit 01, Level 8, Currency House – Building 1, Dubai International Financial Centre, PO Box 11987, Dubai, UAE			
PricewaterhouseCoopers Limited	UAE	AED 1.00 ordinary shares	–
PricewaterhouseCoopers (Holdings) Middle East Limited	UAE	GBP 1.00 ordinary shares	–
PricewaterhouseCoopers Bahrain Limited	UAE	£nil ordinary shares	–
PricewaterhouseCoopers Holdings ME Limited	UAE	£nil ordinary shares	–
PricewaterhouseCoopers Palestinian Territories Limited	UAE	£nil ordinary shares	–
PwC Holdings MER Limited	UAE	£nil ordinary shares	–
Strategy& (Middle East) Ltd.	UAE	USD 1.00 ordinary shares	–
Registered office: Emaar Square, Building 4, Level 8, P.O. Box 11987, Dubai, UAE			
PwC Academy LLC	UAE	AED 1.00 ordinary shares	–
Registered office: Madinat Al Sultan Qaboos Bausher, P.O. Box 3075, PC 11, Muscat, Oman			
PwC Academy LLC (Oman Branch)	Oman	OMR 1.00 ordinary shares	–
Registered office: Villa No. 252, English Village, Erbil, Republic of Iraq			
PricewaterhouseCoopers Management Advisory LLC	Iraq	IQD 1.00 ordinary shares	–
Registered office: C/o The Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware, 19801, USA			
PwC Strategy& Services (Middle East) Limited	USA	USD 1.00 ordinary shares	–
Registered office: 1209 Orange Street, City of Wilmington, County of New Castle, Delaware, 19801, USA			
Strategy& (Lebanon) LLC	USA	Membership units	–
Registered office: Unit 01, Level 8, Currency House – Building 1, Dubai International Financial Centre, P.O. Box 506782, Dubai, UAE			
Strategy& (M.E.) Ltd	UAE	AED 1.00 ordinary shares	–

Notes to the financial statements continued

27 Subsidiary undertakings and joint ventures continued

Subsidiary undertakings continued

Middle East group companies	Country of incorporation	Share class	% directly held by the LLP
Registered office: 40th Floor, Tornado Tower, West Bay, Doha, Qatar Strategy& (QFC) LLC	Qatar	USD 1.00 ordinary shares	–
Registered office: Al Salah Tower, G 103, Prince Faisal Bin Fahad Street, Khubar, Kingdom of Saudi Arabia Strategy& Saudi Arabia	Saudi Arabia	SAR 100.00 ordinary shares	–
Registered office: Residence 6, Street 929, Babel district, Baghdad, Iraq Iraqi United Co. for Financial, Accountancy, Tax and Training Advisory Services Limited	Iraq	IQD 5,000,000.00 ordinary shares	–
Registered office: Shufat Street 5, East Jerusalem, P.O. Box 51084 Saadi & Co Ltd	Palestine	ILS 100.00 ordinary shares	–
UK group partnerships, limited liability partnerships and other unincorporated entities	Legal form	Principal place of business	
Registered office: 1 Embankment Place, London, WC2N 6DX PricewaterhouseCoopers Legal LLP	Limited liability partnership	1 Embankment Place, London, WC2N 6DX	
Registered office: 1 Embankment Place, London, WC2N 6RH Accounting Advisory (UK) LLP	Limited liability partnership	1 Embankment Place, London, WC2N 6RH	
PricewaterhouseCoopers AS LLP	Limited liability partnership	1 Embankment Place, London, WC2N 6RH	
PwC Strategy& UK Holdings LLP	Limited liability partnership	1 Embankment Place, London, WC2N 6RH	
Channel Islands group partnerships, limited liability partnerships and other unincorporated entities	Legal form	Principal place of business	
Registered office: 1 Embankment Place, London, WC2N 6RH PricewaterhouseCoopers CI LLP	Limited liability partnership	37 Esplanade, St Helier, Jersey, JE2 3QE	
Middle East group partnerships, limited liability partnerships and other unincorporated entities	Legal form	Registered office and principal place of business	
PricewaterhouseCoopers	Partnership	Unit 01, Level 8, Currency House – Building 1, Dubai International Financial Centre, PO Box 11987, Dubai, UAE	
PricewaterhouseCoopers	Partnership	Saba House Building, Block B&C, Said Freiha Street, Hazmieh, P.O. Box 11-3155, Beirut, Lebanon	
PricewaterhouseCoopers (Abu Dhabi Branch)	Branch	25th-26th Floor, Al Khatem Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE	
PricewaterhouseCoopers (ADGM Branch)	Branch	25th-26th Floor, Al Khatem Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE	
PricewaterhouseCoopers (Dubai Branch)	Branch	Emaar Square, Building 4, Level 8, P.O. Box 11987, Dubai, UAE	
PricewaterhouseCoopers 'Jordan'	Branch	Empire Business Complex, Building C5, Section B, Fourth Floor, Erbil, Kurdistan Region, Iraq	
PricewaterhouseCoopers – Public Accountants	Partnership	Kingdom Tower, 24th and 56th Floor, P.O. Box 8282, King Fahd Road, Olaya District, Riyadh 11482, Kingdom of Saudi Arabia	
PricewaterhouseCoopers – Public Accountants (Jeddah)	Branch	5th Floor, Jameel Square, Al Tahliyah Street, P.O. Box 16415, Jeddah 21464, Kingdom of Saudi Arabia	
PricewaterhouseCoopers – Public Accountants (Khobar)	Branch	15th and 19th Floor, Al Hugayet Tower, King Abdul Aziz Street, P.O. Box 467, Dhahran Airport 31932, Kingdom of Saudi Arabia	
PricewaterhouseCoopers – SHJ. BR.	Branch	11th Floor, Baitha Towers, Cornish, P.O. Box 63801 82162, Sharjah, UAE	
PricewaterhouseCoopers Al-Shatti & Co	Sole ownership	Sharq, Block 7, Omar Al Khattab Street, Building No. 6 Al Rayya Tower, Floor No.23, Kuwait	
PricewaterhouseCoopers Bahrain Limited	Branch	Block 317, Road 1702, Building 135, Flat 41, Manama, Bahrain	
PricewaterhouseCoopers EzzEldeen, Diab & Co	Partnership	Plot No. 211, Second Sector, City Center, New Cairo 11835, Egypt, P.O. Box 170, New Cairo	
PricewaterhouseCoopers Middle East Limited	Regional office	Third Circle, Jabal Amman, 14 Hazza' Al-Majali Street, P.O. Box 5175, Amman 11183, Jordan	
PricewaterhouseCoopers Management Advisory (Baghdad Branch)	Branch	Quarter 601, Street 9, House 16, Al Ameerat Street, Al Mansour District, Baghdad, Republic of Iraq	

Notes to the financial statements continued

27 Subsidiary undertakings and joint ventures continued

Subsidiary undertakings continued

Middle East group partnerships, limited liability partnerships and other unincorporated entities	Legal form	Registered office and principal place of business
PricewaterhouseCoopers ME Limited (Branch)	Branch	Office 4701, Building 1459, Road 4624, Block 346, Sea Front, Manama, 60771, Bahrain
PricewaterhouseCoopers ME Limited (Qatar Branch)	Branch	41st Floor, Tornado Tower, West Bay, Doha, Qatar
PricewaterhouseCoopers Legal Middle East LLP	Partnership	Unit 01, Level 8, Currency House – Building 1, Dubai International Financial Centre, PO Box 11987, Dubai, UAE
PricewaterhouseCoopers RAK Branch	Branch	Office 2402, 24th Floor, Julphar Towers Al Gisir Road, Suhaim, Ras al-Khaimah, UAE
PwC Academy (Abu Dhabi Branch)	Branch	Building 1 – East Tower, Property No. PRP60803, Abu Dhabi Island, Onshore – Abu Dhabi, UAE
PricewaterhouseCoopers Advisory Limited (Al-Ula Branch)	Branch	2206 King Abdulaziz, Skhirat, Al-Ula, Kingdom of Saudi Arabia
Saadi & Co – CPA	Partnership	Shufat Street 5, East Jerusalem, P.O. Box 51084, Palestine
Strategy& (Lebanon) LLC	Branch	6th Floor, Block A, 2 Park Avenue; Solidere, P.O. Box i6-6541, Beirut, Lebanon
Strategy& (M.E.) Ltd Dubai Branch	Branch	Emaar Square, Building 5, 11987, Dubai, UAE
Strategy& (Middle East) Ltd. (Abu Dhabi Branch)	Branch	25th-26th Floor, Al Khatem Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE
Strategy& (Middle East) Ltd. (ADGM Branch)	Branch	1701, 17, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE
Strategy& (Middle East) Ltd. (Oman Branch)	Branch	Muscat International Centre, Muttrah Business District, Bait Al Falj Street, P.O. Box 686, Ruwi, Post Code 112, Muscat, Oman
Strategy& Saudi Arabia (Riyadh)	Branch	Office 801, Olaya Tower, Prince Mohamed Bin Abdulaziz St., Al Olaya district, P.O. Box 6790 - 11452 Riyadh
Wadi Al Maarefah Company for Training (branch)	Branch	Riyadh, Saudi Arabia
Wadi Al Maarefah Company for Training	Branch	Riyadh, Saudi Arabia

Joint ventures and associates

None of the entities listed below have a material impact on the Group's financial results. All joint ventures and associates are consolidated using the equity method of accounting on the basis that the Group has joint control or significant influence over the entity.

Companies	Country of incorporation	Share class	% directly held by the LLP	% held by the Group
Registered office: Niederkassler Lohweg 18, 40547, Düsseldorf, Germany				
Outbox Deutschland GmbH	Germany	EUR 1.00 ordinary shares	–	50
Registered office: 300 Atlantic Street, Stamford, CT, 06901, USA				
PricewaterhouseCoopers Mobility Technology Services LLC	USA	Membership units	–	50
Registered office: Raamweg 1B, 2596 HL The Hague, The Netherlands				
PricewaterhouseCoopers Service Delivery Centre Holdings (Katowice) B.V.	The Netherlands	EUR 1.00 C class shares	–	33.33
Registered office: ul. Lecha Kaczyńskiego, 00-638 Warsaw, Poland				
PricewaterhouseCoopers Service Delivery Center Poland Sp. Z o.o.	Poland	PLN 50.00 ordinary shares	–	33.33
Registered office: ul. Puławska 182, 02-670 Warsaw, Poland				
PwC IT Services Sp. Z o.o.	Poland	PLN 50.00 ordinary shares	–	50
Registered office: 1 Embankment Place, London, WC2N 6RH				
PwC Poland Services Limited	England	£1.00 ordinary shares, EUR 1.00 ordinary shares, EUR 1.00 preference shares	–	50
PwC Service Delivery Centre (Egypt) Holdings No. 1 Limited	England	£1.00 ordinary shares	–	–
PwC Service Delivery Centre (Egypt) Holdings No. 2 Limited	England	USD 1.00 ordinary shares	–	–

Notes to the financial statements continued

27 Subsidiary undertakings and joint ventures continued

Other investments

The subsidiaries listed below have been placed into Members Voluntary Liquidation and, as a result of the loss of control by the Group, the subsidiaries have been reclassified to other investments held at fair value through profit or loss.

UK companies	Country of incorporation	Share class	% directly held by the Company
Registered office: 1 Embankment Place, London, WC2N 6RH			
PricewaterhouseCoopers (Resources) Limited (in liquidation)	England	£1.00 ordinary shares	20
PwC Performance Solutions (No. 2) Limited (in liquidation)	England	£1.00 ordinary shares	–
PwC Performance Solutions (No. 3) Limited (in liquidation)	England	£1.00 ordinary shares	–
Price Waterhouse MCS UK Holding Company - (an unlimited company) (in liquidation)	England	£1.00 ordinary shares and £1.00 preference shares	–

Middle East group companies	Country of incorporation	Share class	% directly held by the Company
Registered office: Emaar Square, Building 4, Level 8, P.O. Box 11987, Dubai, UAE			
PwC Commercial Brokers LLC (in liquidation)	UAE	AED 1.00 ordinary shares	–
Registered office: Office 125, 1st Floor, OBY Building, Hamdan Street, Abu Dhabi, UAE			
HLP International Consulting LLC (in liquidation)	UAE	AED 1,000.00 ordinary shares	–

The LLP is incorporated in England and Wales.

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

Energy and carbon reporting for the financial year ended 30 June 2022

In accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the members present their energy and carbon report of PricewaterhouseCoopers LLP ('the LLP') domiciled in the United Kingdom ('UK') excluding Channel Islands (together 'the UK Group') for the financial year ended 30 June 2022.

Methodologies used

The Greenhouse Gas ('GHG') protocol, UK government environmental reporting guidelines, and emission factors, including UK government BEIS ('Department for Business, Energy and Industrial Strategy') factors and European residual mix factors (RE-DISS) have been used to calculate the GHG footprint in this report.

Commitment to responsible energy management

The UK Group has been committed to managing its energy consumption and carbon emissions responsibly for many years. Having disclosed progress against public targets for over a decade, the UK Group is aligned with the wider PwC Network's aim to be Net Zero¹ by 2030. This global commitment has been validated by the Science Based Targets Initiative in line with a 1.5 degree scenario.

Since 2007², the UK Group has reduced energy consumption by 62% and carbon emissions associated with energy by 83%, with all residual emissions offset⁴ by purchasing carbon credits. Carbon emissions associated with energy per million pounds of revenue earned decreased by 90% over that period.

Information on targets and related programmes can be found in the UK Group's annual non-financial scorecard⁶ and on the website⁷. The UK Group also produces a statement on climate-related financial risk⁵ and a Carbon Reduction Plan⁷.

2022 progress

The UK Group's energy programme spans all its offices (19 at 30 June 2022) and focuses on consolidating and redesigning office space, operating more efficiently, investing in new technology, and encouraging employees to operate sustainably.

During the financial year ended 30 June 2022, the UK Group met its target of sourcing 100% of electricity from renewable sources³. Total energy consumption remained stable, while the associated carbon emissions increased by 6% overall as the COVID-19 restrictions were lifted.

The primary driver for the increase in carbon emissions was the rise in business travel by road, with the total distance

travelled being twice that in 2021, but still only a fifth of pre-COVID-19 levels.

Electricity consumption remained relatively stable, increasing by only 5%. This was caused by a rise in office occupancy levels, together with the opening of a new office in Belfast which uses a fully electric heating system, eliminating the need for gas. This increase was partially offset by a number of energy savings projects. An LED lighting upgrade took place in the Embankment Place office, with efficiency improvements of 35% in comparison to the original fittings. Set temperature points were increased by 2 degrees celsius in server and equipment rooms across our office portfolio. Additionally, a programme to replace old laptops with models that are 32% more efficient commenced, with 10% of laptops replaced by 30 June 2022.

Overall gas consumption decreased by 18%, mainly attributable to the new electric heating system in the Belfast office. Although the floor area is double the size of the office it replaced, the new building is 37% more efficient.

Management and standards

The UK Group uses a variety of recognised external environmental standards to help maintain rigour and continuously improve its processes.

The UK Group's environmental management system has been certified to the ISO 14001 standard since 2008, and its energy management system has been certified to the ISO 50001 standard since 2012.

Additionally, during the financial year ended 30 June 2022, the UK Group was one of the first businesses to achieve the Carbon Trust 'Route to Net Zero' Standard ('Advancing' level). This replaces the Carbon Trust Triple Standard for Carbon, Water & Waste, and the Carbon Trust Standard for Supply Chain (level 3) which had previously been held for several years. The UK Group was also recognised by Ecovadis⁸ as a 'Leader' in carbon management.

About this disclosure

These metrics focus on the consumption of energy and the associated carbon emissions in the financial year ended 30 June 2022. Emissions from other sources are reported in the UK Group's annual non-financial scorecard⁶, which is derived from the same data as this report.

A separate report has been issued by Crowe U.K. LLP on their limited assurance engagement in accordance with ISAE 3410 standard for greenhouse gas emissions; there were no reservations.

1 www.pwc.com/netzero

2 2007 is the reference year for the UK Group's 2022 environmental targets. The firm's Net Zero Targets run to 2030, with a reference year of 2019.

3 Based on tariffs using Renewable Energy Guarantees of Origin ('REGOs') and Renewable Gas Guarantees of Origin ('RGGOs').

4 Each financial year the UK Group offset 100% of the extended carbon footprint as reported in the non-financial scorecard. All offsets are Verified Carbon Standard ('VCS') and from REDD+ projects. Retired on behalf of PwC by a registered broker. www.pwc.co.uk/offsetting.

5 www.pwc.co.uk/climaterisk

6 www.pwc.co.uk/annualreport/assets/2021/pdf/pwc-uk-non-financial-performance-scorecard-2021.pdf

7 www.pwc.co.uk/carbonreductionplan – produced in line with the requirements of Procurement Policy Note 06/21 from the UK Cabinet Office.

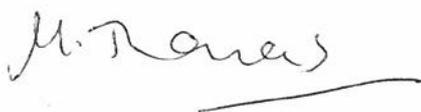
8 www.pwc.co.uk/who-we-are/our-purpose/credentials/our-ecovadis-ratings.html.

Energy and carbon reporting continued

Energy consumption and related carbon emissions

	Units	2022	2021	Variance
Energy consumption				
Total Streamlined Energy and Carbon Report ('SECR') energy consumption	Million kWh	33	33	–
Gas (natural and biogas)	Million kWh	9	11	(18)%
Electricity	Million kWh	22	21	5%
Business travel: road ⁹	Million kWh	2	1	100%
Carbon emissions ¹⁰				
Total emissions (Scope 1, 2 and 3) ¹¹	Tonnes CO ₂ e	5,828	5,514	6%
Total emissions intensity (Scope 1, 2 and 3)	Tonnes CO ₂ e/£m revenue	1.50	1.53	(2)%
Scope 1				
Gas (natural and biogas)	Tonnes CO ₂ e	370	505	(27)%
Scope 2				
Electricity – location based ¹²	Tonnes CO ₂ e	4,645	4,804	(3)%
Scope 3				
Business travel: road ⁹	Tonnes CO ₂ e	813	205	297%
Carbon emission offset	Percentage	100%	100%	–

The energy and carbon report on pages 57 to 58 was authorised for issue and signed on 11 August 2022 on behalf of the members of PricewaterhouseCoopers LLP, registered number OC303525, by:



Marissa Thomas
Managing Partner and Chief Operating Officer
 Designated Member

A complete list of the members can be found on the Companies House register.

9 Business travel based on car mileage claimed through expenses, converted to kWh using UK Government GHG conversion factors. This refers to employee reimbursed mileage only and does not include taxi travel. Emissions from taxis are included in other disclosures that the firm makes on carbon emissions: 286 tCO₂e in 2022 (2021: 34).

10 Calculated using UK Government GHG conversion factors for company reporting (May 2021). The scope of this SECR disclosure does not include some Scope 3 emissions which are reported in the non-financial scorecard.

11 Total emissions calculated using 'Location Based' method. 2022 total emissions using the 'Market Based' method which allows lower emissions for renewable electricity are 1,470 tCO₂e (2021: 1,124) with intensity of 0.38 tonnes CO₂e/ £m revenue (2021: 0.31).

12 2022 electricity emissions using 'Market Based' calculation method: 0 tonnes CO₂e (2021: 414).

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Unless otherwise indicated, either expressly or by the context, we use the word 'partner' to describe a member of PricewaterhouseCoopers LLP.

Registered office: 1 Embankment Place, London, WC2N 6RH.

Registered number: OC303525.