

UK Transparency Report 2021  
PricewaterhouseCoopers LLP  
Registered number: OC303525

# Finances and other disclosures – Financial information

This forms part of our FY21 Transparency Report

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# Finances and other disclosures

## Finance information

### Relative importance of statutory audit work

An analysis of revenue of PwC UK for the financial year ended 30 June 2021, which shows the relative importance of UK-related statutory audit work, is shown below:

	FY21 £m	FY20 £m (see footnote 1)
Statutory audits and directly related services for entities we audit (UK PIE and subsidiaries of UK PIE) <sup>1</sup>	303	285
Statutory audits and directly related services for entities we audit (Major Local Audits) <sup>2</sup>	0	0*
Statutory audits and directly related services for entities we audit (other entities)	487	469
<b>Statutory audits and directly related services for all entities we audit</b>	<b>790</b>	<b>754</b>
Non-audit services to entities we audit <sup>3</sup>	201	225
<b>Total revenues from entities we audit</b>	<b>991</b>	<b>979</b>
Non-audit services to clients we do not audit	2,566	2,499
<b>UK firm revenue</b>	<b>3,557</b>	<b>3,478</b>
Revenues from statutory audits and directly related services for entities we audit as a percentage of UK firm revenue	22%	22%

1. If an entity met the FRC's definition of a UK PIE (or a subsidiary of) as at 30 June 2021 we have included related revenues in this category. This is a change in basis of preparation versus that used in previous years' reports, and arises given that the UK's transition period following its departure from the European Union ceased on 31 December 2020. During the transition period and before it, whilst the UK was a member of the European Union, we adopted the EU definition of a Public Interest Entity. Accordingly, we have also restated the FY20 comparative on this UK PIE basis – note that our 2020 Transparency Report was prepared on the laws and regulations in force at that time, and instead disclosed statutory audit and directly related services for EU PIEs, and their subsidiaries, that we audit of £391m for FY20. We have prepared a separate document, titled "List of major local audits, UK PIEs, and EU PIEs", that includes a list of all EU PIEs that PwC UK continued to perform in the year to 30 June 2021. Note, however, that the £391m revenue disclosed in the FY20 Transparency Report also includes revenue arising from UK incorporated subsidiaries of EU PIE parents audited by other PwC Network Firms. The revenues from the EU PIEs listed in the aforementioned PDF document therefore does not fully reconcile the £285m disclosed above with FY20's £391m.
2. If an entity met the definition of a Major Local Audit as at 30 June 2021 we have included related revenues in this category. During the year ended 30 June 2021, we did not perform any Major Local Audits. During the year ended 30 June 2020, we performed one major local audit. The revenues from this major local audit were FY21: £0 and FY20: £116,000. When presented in £m in the above table, these numbers round to zero.
3. Non-audit services provided to entities we audit are only provided where permitted by the FRC Ethical Standard and PwC Network and PwC UK policies.



## Audit profitability

The Consultative Committee of Accountancy Bodies (CCAB) issued a Voluntary Code of Practice on Disclosures of Audit Profitability (the Audit Profitability Code) in March 2009. The Audit Profitability Code sets out recommended disclosures in respect of the profitability of statutory audits and directly related services (the 'reportable segment').

Under the Audit Profitability Code, revenue, direct costs and overheads for the reportable segment are recognised and measured on a basis consistent with the firm's consolidated financial statements:

- revenue represents amounts recoverable from clients for statutory audits and directly related services provided during the year, excluding Value Added Tax. It reflects the fair value of the services provided on each client assignment including expenses and disbursements, based on the stage of completion of each assignment as at the balance sheet date; and

- operating profit for the reportable segment is calculated based on directly assigned and allocated costs, including staff costs associated with engagements falling within the segment and training, together with an allocation of firmwide overheads, such as property and IT costs, based on appropriate cost drivers.

No cost is included for the remuneration of members of PwC UK, consistent with the treatment of partners' remuneration in the firm's consolidated financial statements.

The revenue and operating profit of the reportable segment, calculated in accordance with the requirements of the Audit Profitability Code, are:

	FY21 £m	FY20 £m
Revenue	790	754
Operating profit	176	142

