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Financial statements 2012

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Registered office: Helsinki
Business ID: 0486406-8
PricewaterhouseCoopers Oy

Contents

Annual review

For fiscal year 1 July 2011 – 30 June 2012

Performance, financial results and financial position

The turnover of PwC Finland, i.e. PricewaterhouseCoopers Oy, exceeded that of the previous fiscal year 1 July 2011 – 30 June 2012. The profitability of the company improved from the previous year, and the budgeted profit targets were achieved at the company level. The turnover of the company in the fiscal year amounted to EUR 97.6 million, a rise of 6.8% from the previous year. The operating profit was EUR 2.8 million (2.5), 2.9% of turnover (2.7). The equity ratio was 31.4% (31.9) and return on equity 14.3% (13.0). The financial position of the company remained reasonably firm during the entire fiscal year, and it does not have interest-bearing liabilities.

Audit and Assurance Services constitute the largest business area of the company, and in the past fiscal year they achieved their turnover and profit targets. The company's number one position as the auditor of listed Finnish companies on the Helsinki Stock Exchange (NASDAQ OMX Helsinki) was preserved during the fiscal year (share 36.7%; previous year 36.6%). Consulting and Deals fell short of their turnover and profit targets. The demand for Tax Services grew, and both the turnover target of the previous year and the profit target of the fiscal year in that business area were exceeded. The turnover and profit from the unit focusing on Private Company Services also improved from the previous year.

Company structure

Owned by its employees, PricewaterhouseCoopers Oy is a Finnish company with the status of an APA community.

The company does not have subsidiaries but it has an affiliate, PwC Julkistarkastus Oy, a community of Chartered Public Finance Auditors.

In addition to Helsinki, PricewaterhouseCoopers Oy operates in 19 locations in Finland: Hyvinkää, Hämeenlinna, Iisalmi, Jyväskylä, Kouvola, Kuopio, Lappeenranta, Maarianhamina, Mikkeli, Oulu, Pori, Raahe, Rovaniemi, Savonlinna, Seinäjoki, Tampere, Turku, Vaasa and Varkaus.

Changes in company structure

No changes took place in the company structure during the fiscal year 1 July 2011 – 30 June 2012.

Personnel

At the end of the fiscal year, the number of employees totalled 751 (739). Of these, 679 (666) were effective personnel and 72 (73) were absent. Part-time employees amounted to 10.7% (9.3) of the number of personnel. The average number of personnel in the fiscal year amounted to 747 (734) and the average age was 37.7 (38.7) at the end of the fiscal year. The average length of employment was 7.6 (7.8) years. Of the company's personnel, 55.4% (54.3) were women and 44.6% (45.7) were men.

Of the personnel, 610 (601) worked in Helsinki and 141 (138) in other locations. At the end of the fiscal year, 58.3% (59.3) of personnel worked in Audit and Assurance Services, 19.3% (19.1) in Tax Services, 12.5% (13.1) in Consulting and Deals and 9.9% (8.5) in Support Services.

Salaries and incentives

Salaries and remunerations totalled EUR 51.2 million (49.6) in the fiscal year. The company has an incentive system in place in order to support and direct the working of the personnel in accordance with the strategy and to ensure a competitive reward system. The system covers the entire permanent personnel. Each year, the company management decides on the amount of bonuses to be paid, based on the achievement of targets by each business area and the individual employee.

Job satisfaction

The company monitors the working atmosphere by conducting an annual survey of the attitudes, values and satisfaction of the personnel. The survey also measures the personnel's satisfaction with their own work, the activities of immediate supervisors and units, and the operations of the entire company and the practical implementation of the company's values. The response rate to the survey conducted in April 2012 was 63%. According to the results of the survey, there were both strengths and areas of improvement in the working atmosphere. The areas which had improved the most compared with the previous survey included awareness of the company's strategy, cooperation, balancing work and free-time, receiving feedback, corporate responsibility issues and internal training. The aspects which were in need of improvement included salary and incentives. During the fiscal year, a project related to equality was also followed through, which confirmed that equality is well realised in the company.

Occupational health and safety

The purpose of job satisfaction and occupational health care is to ensure a healthy and safe working environment and to promote employees' health and working capacity. The main focus is on preventive job satisfaction services. During the fiscal year, activities to promote employee well-being and health were planned in cooperation with the occupational health care services and the employment pension companies. For example, an occupational health care event focusing on physical exercise and health analysis was organised. The personnel also had the opportunity to use the services of a personal trainer. Training in job satisfaction management for supervisors was also begun. As usual, sports and cultural hobbies of the personnel were also supported; for example, in the form of participating in various events, personnel clubs and sports and cultural vouchers.

The average absence rate was 2.3% (2.4%) during the fiscal year. There were no serious occupational accidents during the fiscal year.

Competence development

During the past fiscal year, special attention was paid to client interaction training, and training for the improvement of managerial and supervisory skills. In the development of the professional competence of the personnel, attention was paid to the needs detected in client work and supporting business goals and competitiveness. Training at PwC is diverse, target-oriented and continuous. Training is based on goals derived from the strategy and the needs detected in client work. The training provision of the global PwC network combined with training tailored to PwC Finland's own local needs offers opportunities for both in-depth specialisation and the comprehensive accumulation of skills. Cooperation with other PwC countries was also increased –particularly with regard to the Nordic countries.

During the fiscal year, internal coaching was continued. This provides each employee at PwC with the services of an internal trainer who offers career planning and competence development advice. Coaching training was reformed during the fiscal year. In management training, the training programme of coaching management was continued, and, in addition, related individual-level feedback practices were reformed.

During the fiscal year, each employee attended 7.2 (8.2) days of training on average.

Investments

The company's investments in tangible and intangible assets amounted to EUR 1.5 (2.6) million in the fiscal year. The majority of investments consisted of company cars and furniture. The proceeds in the fiscal year totalled EUR 0.6 (0.5) million.

Board, CEO and auditor

The board of PricewaterhouseCoopers Oy has seven members. The annual general meeting of 22 November 2011 elected Heikki Lassila, Merja Lindh, Juha Laitinen, Janne Rajalahti, Eero Suomela, Juha Wahlroos and Kimmo Vilske as members of the board. The annual general meeting elected Eero Suomela, APA, as the chairman of the board.

Kim Karhu, APA, continued as CEO of the company. The company's auditor is Matti Hartikainen, APA.

Shareholders and changes in share capital

The total number of the company's shares was 42,237 on 30 June 2012. The company held 7,637 shares, representing 18.1% of the total number of shares. The total number of shares is composed of one share type, and a redemption and consent clause has been included in the articles of association.

The annual general meeting of 22 November 2011 authorised the board until further notice to decide on an issue of at most 10,000 shares. Under this authorisation, a total of 2,772 shares have been issued by 30 June 2012.

The company's share capital was raised once during the fiscal year. The share capital was increased by issuing 2,772 shares, of which 1,572 shares were directed as a new issue to the new partners appointed from 1 July 2011. The remaining 1,200 shares were directed as a new issue to partners who wished to increase their holdings to match their category. The share price was the current price approved by the annual general meeting on 22 November 2011, EUR 379 per share. The directed new issue represented 7.0% of the share capital and the total aggregate voting rights.

On 22 November 2011, the annual general meeting authorised the board to decide on obtaining at most 10,000 shares through a directed issue. The authorisation is effective until the next annual general meeting, which will be held no later than 31 December 2012, and concerns the shares of the shareholders who resign from the company while the authorisation is still valid, or transfer from Equity Partner category, or whose ownership of shares exceeds the maximum ownership under the classification confirmed each year. On the basis of this authorisation, the board of the company decided, on 17 January 2012, to acquire a total of 1,700 shares and, on 22 May 2012, a total of 700 shares for the company at the current price approved by the annual general meeting of 22 November 2011, EUR 379 per share. The acquired shares represented 6.1% of the share capital and the total aggregate voting rights.

Loans to related parties

In connection with the directed issues in the fiscal year, the company has granted loans to seven partners, totalling EUR 642,040, for the acquisition of their own shares. The loan periods are eight years (four loans) and five years (three loans). The loans are repaid in equal instalments, with payments at least once a year, and the interest rate is the 12-month Euribor + 2.0% p.a. The debtors have pledged the received shares as collateral.

In addition, the amount of loans granted previously by the company for the acquisition of own shares totals EUR 706,382. This sum is composed of a total of 13 loans granted to eight partners, with loan periods of five years (two loans) and 10 years (11 loans). The loans are repaid in equal instalments, with payments at least once a year, and the interest rate is the 12-month Euribor + 1.5% p.a. These loans were repaid by a total of EUR 106,733 during the fiscal year, of which EUR 10,696 were extra instalments in repayment. The debtors have pledged the received shares as collateral for the loans.

The last instalments paid during the fiscal year, a total of EUR 208,709.34, were paid for five loans taken out in 2009–2010.

Risks and risk management

The company's main business risks are typical to the industry and associated with increasing regulation, the availability of professionally competent personnel and intensifying competition. The board estimates business risks annually in connection with the drafting of business plans and strategy and supervises compliance with the company risk management policy. The company has prepared for hazard risks through an insurance programme.

By 30 September 2012, the company will publish a transparency report, which contains a description of the company's risk management and quality assurance system.

Events following the fiscal year

No events have occurred after the end of the fiscal year that have had a material effect on the company's performance.

Future outlook

In the present fiscal year, the general economic conditions are unstable, which makes it difficult to make accurate estimates. The company expects to slightly exceed the previous year's level in turnover and results.

Distribution of profits

According to the financial statements, the company's assets subject to profit distribution on 30 June 2012 amount to EUR 11,643,735.36, of which the profit for the fiscal year amounts to EUR 2,061,583.73.

No material changes have occurred in the company's financial position following the end of the fiscal year, and the solvency testing based on Section 13(2) of the Limited Liability Companies Act has no effect on the amount of assets subject to profit distribution. The board proposes to the annual general meeting that the distributable assets be used as follows:

EUR 40/share to be paid as dividend, i.e. 34,600 x EUR 40, total	1,384,000.00
retained earnings	10,259,735.36
	11,643,735.36

Income statement

	1.7.2011 - 30.6.2012	%	1.7.2010 - 30.6.2011	%	Change in percentage
Net sales	**97,587,235.01**	100.0	**91,408,694.50**	100.0	5.1
Other operating income	172,717.12	0.2	189,277.78	0.2	63.0
Materials and services					
External services	10,539,773.31	10.8	7,937,431.94	8.7	1.2
Personnel expenses					
Salaries and remunerations	51,188,691.13	52.5	49,574,872.09	54.2	3.9
Other personnel expenses	12,084,073.39	12.4	11,600,569.65	12.7	7.7
	63,272,764.52	64.8	61,175,441.74	66.9	4.6
Depreciation and amortisation	1,215,886.54	1.2	1,151,424.32	1.3	18.1
Other operating expenses	19,939,698.70	20.4	18,858,296.01	20.6	9.6
Operating profit	**2,791,829.06**	2.9	**2,475,378.27**	2.7	-5.5
Financial income and expense	59,255.01	0.1	121,121.09	0.1	126.9
Profit before appropriations and taxes	**2,851,084.07**	2.9	**2,596,499.36**	2.8	-2.9
Appropriations	-72,714.62	0.1	-189,501.86	0.2	75.9
Income taxes	-716,785.72	0.7	-626,895.19	0.7	-18.1
Profit for the fiscal year	**2,061,583.73**	2.1	**1,780,102.31**	1.9	-1.1

Balance sheet

	30.6.2012	%	30.6.2011	%
Assets				
Non-current assets				
Intangible assets	249,405.04		347,149.92	
Tangible assets	3,897,944.86		3,959,900.92	
Investments	169,409.78		180,152.59	
	4,316,759.68	9.1	4,487,203.43	10.2
Current assets				
Non-current receivables	1,170,137.00		884,120.00	
Current receivables	29,892,966.72		28,702,508.99	
Financial securities	7,000,000.00		5,500,000.00	
Cash in hand and at bank	4,921,526.33		4,335,431.40	
	42,984,630.05	90.9	39,422,060.39	89.8
	47,301,389.73	100.0	**43,909,263.82**	100.0
Liabilities				
Shareholders' equity				
Share capital	915,260.00		915,260.00	
Share issue premium	2,270,353.71		2,270,353.71	
Invested non-restricted equity fund	4,302,226.00		3,251,638.00	
Retained earnings	5,279,925.63		5,793,096.92	
Profit for the fiscal year	2,061,583.73		1,780,102.31	
	14,829,349.07	31.4	14,010,450.94	31.9
Accumulated appropriations	523,030.43	1.1	450,315.81	1.0
Liabilities				
Non-current liabilities	152,283.00		155,155.00	
Current liabilities	31,796,727.23		29,293,342.07	
	31,949,010.23	67.5	29,448,497.07	67.1
	47,301,389.73	100.0	**43,909,263.82**	100.0

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