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Financial statements 2013

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

Contents

Annual report

For the financial year
1 July 2012–30 June 2013

Performance, financial results and financial position

The turnover of PwC Finland, i.e. PricewaterhouseCoopers Oy, in the financial year 1 July 2012–30 June 2013 exceeded that of the previous financial year. The turnover of the company amounted to EUR 102.8 million, a rise of 5.3% from the previous year. The profitability of the company also clearly improved from the previous year, but the ambitiously set profit targets were not quite achieved at the company level. The operating profit was EUR 4.0 million (2.8), 3.9% of turnover (2.9). The equity ratio was 33.6% (31.4) and return on equity 18.3% (14.3). The financial position of the company remained firm during the entire financial 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 financial year, they grew from the previous year and 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 reinforced during the financial year (share 38.3%; previous year 36.7%). Turnover and profit of Consulting and Deals and Tax Services grew from the previous year. Both the turnover and the profit from the unit focusing on Private Company Services also improved from the previous year.

Company structure and changes thereto

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

No changes took place in the company structure during the financial year 1 July 2012–30 June 2013. 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.

Personnel

At the end of the financial year, the number of employees totalled 782 (751). Of these, 709 (679) were effective personnel and 73 (72) were absent. Part-time employees amounted to 11.4% (10.7) of the number of personnel. The average number of personnel in the financial year amounted to 775 (747) and the average age was 37.5 (37.7) at the end of the financial year. The average length of employment was 7.5 (7.6) years. Of the company's personnel, 55.1% (55.4) were women and 44.9% (44.6) were men.

Of the personnel, 633 (610) were located in Helsinki and 149 (141) in other PwC Finland locations. At the end of the financial year, 59.8% (58.3) of personnel worked in Audit and Assurance Services, 19.5% (19.3) in Tax Services, 11.5% (12.5) in Consulting and Deals, and 9.2% (9.9) in Administration and Support Services.

Salaries and incentives

Salaries and remunerations totalled EUR 54.6 million (51.2) in the financial 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 is conducted at the same time in all companies in the PwC network and it also measures the personnel's satisfaction with their own work, the activities of immediate supervisors, units and the entire company and the practical implementation of the company's values. The response rate to the survey conducted in April 2013 was 63% (63).

According to the results of the survey, there were both strengths and areas of improvement in the working atmosphere. Based on the results, the strengths include, for example, cooperation, customer-oriented operation, high quality of operations, training, corporate responsibility, and the challenging nature of tasks. The results which had improved the most concerned utilisation of customer feedback. According to the survey, the points of development still include rewarding and matters relating to work planning.

Occupational health and safety

The purpose of activities concerning job satisfaction is to support our personnel's health and occupational wellbeing. The main focus is on anticipatory job satisfaction. In addition to statutory services, it refers to services of a personal trainer and supporting sports and cultural hobbies of the personnel, such as in the form of participating in various events, personnel clubs and sports and cultural vouchers.

The average absence rate was 2.1% (2.3) during the financial year. There were no serious occupational accidents during the financial year.

Competence development

During the past financial year, special attention was paid to interaction abilities and coaching.

In the development of professional competence, 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 main focus in the development of competence is on learning-on-the-job, coaching and training.

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 and sustained accumulation of skills. Cooperation particularly with other Nordic PwC countries was close.

During the financial year, internal coaching training 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 financial year. The implementation of the new Pursuit model for customer service was started.

During the financial year, each employee attended 6.6 (7.2) days of training on average.

Investments
The company's investments in tangible and intangible assets amounted to EUR 2.4 (1.5) million in the financial year. The majority of investments consisted of company cars, furniture and renovating the Ruoholahti facilities to meet the growing need for personnel.

Board, CEO and auditor
The board of PricewaterhouseCoopers Oy has seven members. The annual general meeting of 27 November 2012 elected Ylva Eriksson, Juha Laitinen, Heikki Lassila, Merja Lindh, Janne Rajalahti, Eero Suomela 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 company shares on 30 June 2013 was 45,737, of which the company held 7,637 shares, or 16.7% 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.

On 27 November 2012, the annual general meeting authorised the board until further notice to decide on an issue of at most 10,000 shares. Under this authorisation, a total of 3,500 shares have been issued by 30 June 2013.

The company's share capital was raised once during the financial year. The share capital was increased by issuing 3,500 shares, of which 1,100 shares were directed as a new issue to the new partners appointed from 1 July 2012. The remaining 2,400 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 27 November 2012, EUR 400 per share. The directed new issue represented 8.3% of the share capital and the total aggregate voting rights.

On 27 November 2012, 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 31.12.2013, 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. During the financial year no shares were obtained on the basis of this authorisation.

Loans to related parties
The company has previously granted loans to partners in connection with the directed issues, totalling EUR 1,348,422 at the start of the financial year. These loans were granted to a total of 12 partners, with loan periods of 5–10 years. The loans have been repaid in equal instalments, with payments once a year, and the interest rate has been the 12-month Euribor + 1.5–2.0% p.a. The debtors have pledged the received shares as collateral.

During the financial year, the company decided to abandon the practice of partner loans, and partners have obtained the financing required to replace the loan from external financiers. All partner loans are repaid to the company and there is no longer any outstanding balance. Loan interest for the loan periods have been paid according to the loan agreements.

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 2013, the company will publish a transparency report, which contains a description of the company's risk management and quality assurance system.

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

Future outlook

In the present financial year, the general economic conditions continue to be unstable, which makes it difficult to make accurate estimates. The company expects, however, to exceed the previous year's level in turnover and results and has set the company targets accordingly.

Distribution of profits

According to the financial statements, the company's assets subject to profit distribution on 30 June 2013 amount to EUR 14,647,456.93, of which the profit for the financial year amounts to EUR 2,987,721.57.

No material changes have occurred in the company's financial position following the end of the financial 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 60/share to be paid as dividend, i.e. 38,100 x EUR 60, total	2,286,000.00
retained earnings	12,361,456.93
	14,647,456.93

Income statement

	1/7/2012–30/6/2013	%	1/7/2011–30/6/2012	%	Change in percentage
Net sales	**102,807,304.27**	100.0	**97,587,235.01**	100.0	5.3
Other operating income	170,866.09	0.2	172,717.12	0.2	-1.1
Materials and services					
External services	10,187,686.42	9.9	10,539,773.31	10.8	-3.3
Personnel expenses					
Salaries and remunerations	54,602,425.92	53.1	51,188,691.13	52.5	6.7
Other personnel expenses	12,961,947.38	12.6	12,084,073.39	12.4	7.3
	67,564,373.30	65.7	63,272,764.52	64.8	6.8
Depreciation and amortisation	1,326,053.98	1.3	1,215,886.54	1.2	9.1
Other operating expenses	19,889,500.41	19.3	19,939,698.70	20.4	-0.3
Operating profit	**4,010,556.25**	3.9	**2,791,829.06**	2.9	43.7
Financial income and expense	39,259.42	0.0	59,255.01	0.1	-33.7
Profit before appropriations and taxes	**4,049,815.67**	3.9	**2,851,084.07**	2.9	42.0
Appropriations	-45,456.98	0.0	-72,714.62	0.1	-37.5
Income taxes	-1,016,637.12	1.0	-716,785.72	0.7	41.8
Profit for the fiscal year	**2,987,721.57**	2.9	**2,061,583.73**	2.1	44.9

Balance sheet

	30/6/2013	%	30/6/2012	%
Assets				
Non-current assets				
Intangible assets	606,336.72		249,405.04	
Tangible assets	4,047,273.64		3,897,944.86	
Investments	165,262.10		169,409.78	
	4,818,872.46	9.1	4,316,759.68	9.1
Current assets				
Non-current receivables	0.00		1,170,137.00	
Current receivables	33,812,844.96		29,892,966.72	
Financial securities	0.00		7,000,000.00	
Cash in hand and at bank	14,381,399.74		4,921,526.33	
	48,194,244.70	90.9	42,984,630.05	90.9
	53,013,117.16	100.0	**47,301,389.73**	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	5,702,226.00		4,302,226.00	
Retained earnings	5,957,509.36		5,279,925.63	
Profit for the fiscal year	2,987,721.57		2,061,583.73	
	17,833,070.64	33.6	14,829,349.07	31.4
Accumulated appropriations	568,487.41	1.1	523,030.43	1.1
Liabilities				
Non-current liabilities	148,062.00		152,283.00	
Current liabilities	34,463,497.11		31,796,727.23	
	34,611,559.11	65.3	31,949,010.23	67.5
	53,013,117.16	100.0	**47,301,389.73**	100.0

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