# Annual report and financial statements 2020

pwc

Registered office in Helsinki
Business ID 0486406-8
PricewaterhouseCoopers Oy

**Contents**

# Annual report

### Operations during the financial period
Owned by its employees, Pricewaterhouse-Coopers Oy (PwC Finland) is a Finnish company designated officially as an auditor of the public accounts community. PwC Finland's services range from auditing and other assurance services, deals, consulting, tax consulting to legal services. We have operations throughout Finland. We are part of the global PwC network, through which our experts, numbering more than 284,000, serve clients in 155 countries.

### Financial position, financial results and investments
PwC Finland's financial position remained stable, even though the coronavirus pandemic brought considerable challenges in the final quarter particularly in relation to deals and consulting due to increasing economic uncertainty. The turnover for the financial period decreased by 3% from last year to EUR 159 million. In addition to the COVID-19, mandatory changes to audit firms regarding auditing of listed companies required by auditing legislation played part in the decrease. Our profitability remained high.

During the financial period, the average number of employees increased by 5% to 1,286 employees. Correspondingly, staff costs inclusive of performance bonuses decreased by 3% to EUR 98.1 million.

Operating profit for the past financial period was EUR 14.5 (15.8) million, comprising 9.1% (9.7) of the turnover. Equity ratio was 31.1% (28.5) and return on equity was 80.3% (71.7). Our financial position remained solid throughout the financial period. PwC Finland has no interest-bearing liabilities.

Investments in tangible and intangible assets during the financial period amounted to EUR 0.8 (1.5) million. Investments focused primarily on furniture and equipment.

### Company structure and changes thereto
The company has no subsidiaries or affiliates. There were no changes in the corporate structure during financial period.

### Staff and competence development
Being an expert organisation, the competence, motivation and wellbeing of the staff are key success factors of our company. The last financial period was the last of our four-year strategy period. In accordance with our strategy, we focus on developing our employees' professional skills by training supervisors and developing wellbeing at work.

During the strategy period, we invested significantly in digitalising our operations, and we utilise extensively such services as cloud services that enable working regardless of time or place.

All permanent employees are covered by the remuneration scheme tied to company-specific and individual objectives. The company's management decides on the amount and payment criteria of the annually distributed bonus.

Compared to the previous year, the total number of staff at PwC Finland increased by 1.6%, totalling 1,215 (1,196) at the end of the financial period. The average number of staff over the financial period was 1,286 (1,227), of whom 8.6% (9.6) worked part-time. At the end of the financial period, the average age of the company's personnel was 35.3 (35.2) years. The average length of employment was 6.0 (5.7) years. Of the staff, 53% (54) were women and 47% (46) were men.

At the end of the financial period, 42.7% (45.1) of the staff worked in statutory auditing services, 47.7% (46.2) in other services, and 9.6% (8.7) in internal services.

| Key indicators | 2020 | 2019 | 2018 |
|---|---|---|---|
| Turnover | **159,032,333** | 163,813,362 | 150,699,063 |
| Operating profit | **14,464,765** | 15,829,481 | 15,473,432 |
| Equity ratio | **31.1%** | 28.5% | 35.4% |
| Return on equity | **80.3%** | 71.7% | 64.8% |

| Staff | 2020 | 2019 | 2018 |
|---|---|---|---|
| Number of staff at the end of the financial period | **1,215** | 1,196 | 1,119 |
| Average no. of staff over the financial period | **1,286** | 1,227 | 1,108 |
| Average age at the end of the financial period | **35.3** | 35.2 | 35.1 |
| Average term of employment in years | **6.0** | 5.7 | 6.0 |
| Share of men of all employees | **47.0%** | 46.0% | 45.0% |
| Share of women of all employees | **53.0%** | 54.0% | 55.0% |

## Company governance

According to the Articles of Association, the AGM elects the Board of Directors annually. The Board must consist of no fewer than five and no more than nine ordinary members. Until 29 October 2019, the Board of Directors consisted of Ylva Eriksson, Markku Katajisto, Jaakko Kilpeläinen, Pekka Loikkanen (chairman), Timo Takalo, Kimmo Vilske and Martti Virolainen.

At the AGM on 29 October 2019, Ylva Eriksson, Markku Katajisto, Merja Lindh, Janne Rajalahti, Simo Valtti, Kimmo Vilske and Martti Virolainen were elected to the Board of Directors. The AGM elected Janne Rajalahti, APA, the chairman of the Board of Directors.

Audit firm Revico Grant Thornton Oy acted as the auditor throughout the financial period, with Joakim Rehn, APA, acting as the main auditor.

Mikko Nieminen, APA, continued as the company's CEO.

## Shareholders and changes in share capital

On 30 June 2020, the company had a total of 35,251 shares. The total number of shares is composed of three share types, and a redemption and consent clause has been included in the articles of association.

On 29 October 2019, the AGM authorised the Board to, at its own discretion, issue up to 10,000 shares through directed issues. By 30 June 2020, a total of 2,040 shares have been issued under this authorisation.

There was a single A share issue in the financial period. The number of A shares was increased by issuing 2,000 shares, which were directed as a new issue to new partner and partners who wished to increase their holdings to match their mapping category. The price of the A shares was the current price approved by the annual general meeting on 29 October 2019, EUR 145 per share.

On 29 October 2019, the AGM authorised the Board of Directors to acquire, at their own discretion, up to 10,000 shares of company stock otherwise than in proportion to the holdings of the shareholders. The authorisation remains valid until the next AGM to be held no later than 31 December 2020. The authorisation concerns the shares of the shareholders who resign from the company while the authorisation is still valid, or transfer from the Equity Partner category, or whose ownership of shares exceeds the maximum ownership under the mapping category confirmed each year. On the basis of this authorisation, a total of 3,640 shares were acquired during the financial period. All shares held by the company were annulled by 30 June 2020.

## Risk management

The company's most significant risks are typical of the company's line of business and associated with the availability of professional workforce and regulation-driven changes in markets. The Board estimates business risks annually and supervises compliance with the company's risk management policy. The company has prepared for hazard risks through an insurance programme.

By 31 October 2020, the company will publish a transparency report which will feature a description of the company's risk management and quality assurance system.

## COVID-19

In March 2020, we activated a crisis management organisation in accordance with our continuity management plans to take all risks in relation to the coronavirus pandemic into consideration with sufficient caution and at the right time. We initiated more effective health monitoring and instructed our staff to work remotely. Throughout the end of the financial period, we organised regular virtual briefings where the staff was informed openly about the company's operations during the crisis. We also established a special business unit to support our clients in these exceptional circumstances.

### Outlook for the current financial period

The outlook for the current financial period is exceptionally uncertain due to the coronavirus pandemic. Our objective during these exceptional circumstances is to generate confidence in the society with our own operations and to support our clients in solving their most significant problems. We believe that we can flexibly and in a controlled manner adapt our own operations to the market situation. During these uncertain times, the increase of our turnover is highly dependent on the market behaviour as well as the behaviour of our clients. Regardless of the situation, we will continue developing our company's long-term development and invest even more purposefully to developing our staff's expertise. We will particularly invest in digitalising our company's processes and in developing our staff's digital and data skills. We believe that investing in these capabilities will give us an advantage in solving our client's most important problems in the future as well.

### Distribution of profits

According to its financial statements, the company's distributable assets on 30 June 2020 amounted to EUR 15,494,277.02, of which the profit for the period comprises EUR 13,767,124.75.

No material changes have occurred in the company's financial position following the end of the financial period, 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:

| Distribution of profits | |
|---|---|
| EUR 220 per A share distributed as dividends, i.e., 34,800 × EUR 220, totalling | 7,656,000.00 |
| Total amount to be distributed as input-based dividends | 5,152,814.20 |
| Earnings retained | 2,685,462.82 |
| **Total distributable assets** | **15,494,277.02** |

# Income statement

| | 1.7.2019–30.6.2020 | % | 1.7.2018–30.6.2019 | % | Change (%) |
|---|---|---|---|---|---|
| **Revenue** | **159,032,333.25** | **100.0** | **163,813,362.01** | **100.0** | **-2.9** |
| Other operating income | 231,380.50 | 0.1 | 424,483.99 | 0.3 | -45.5 |
| | | | | | |
| Materials and services | | | | | |
| External services | 16,734,222.25 | 10.5 | 15,529,799.44 | 9.5 | 7.8 |
| | | | | | |
| Staff expenses | | | | | |
| Salaries and remunerations | 81,195,928.09 | 51.1 | 83,465,190.01 | 51.0 | -2.7 |
| Other staff expenses | 16,882,778.00 | 10.6 | 17,717,371.45 | 10.8 | -4.7 |
| | 98,078,706.09 | 61.7 | 101,182,561.46 | 61.8 | -3.1 |
| | | | | | |
| Depreciation and amortisation | 941,567.11 | 0.6 | 1,312,362.17 | 0.8 | -28.3 |
| | | | | | |
| Other operating expenses | 29,044,452.85 | 18.3 | 30,383,641.84 | 18.5 | -4.4 |
| | | | | | |
| **Operating profit** | **14,464,765.45** | **9.1** | **15,829,481.09** | **9.7** | **-8.6** |
| | | | | | |
| Financial income and expenses | 299,092.54 | 0.2 | 252,381.54 | 0.2 | 18.5 |
| | | | | | |
| **Profit before appropriations and taxes** | **14,763,857.99** | **9.3** | **16,081,862.63** | **9.8** | **-8.2** |
| | | | | | |
| Appropriations | 50,857.51 | 0.0 | -41,560.05 | 0.0 | -222.4 |
| Income taxes | -1,047,590.75 | 0.7 | -1,082,009.91 | 0.7 | -3.2 |
| | | | | | |
| **Profit for financial period** | **13,767,124.75** | **8.7** | **14,958,292.67** | **9.1** | **-8.0** |

# Balance sheet

| | 30.6.2020 | % | 30.6.2019 | % |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | 148,180.50 | % | 345,848.48 | % |
| Tangible assets | 3,054,061.10 | | 3,271,883.20 | |
| Investments | 147,464.15 | | 149,482.41 | |
| | 3,349,705.75 | 6.4 | 3,767,214.09 | 6.0 |
| | | | | |
| **Current assets** | | | | |
| Non-current receivables | 566,201.29 | | 934,466.62 | |
| Current receivables | 29,707,816.43 | | 51,765,839.95 | |
| Cash in hand and at bank | 19,087,617.09 | | 6,347,019.96 | |
| | 49,361,634.81 | 93.6 | 59,047,326.53 | 94.0 |
| | | | | |
| | **52,711,340.56** | **100.0** | **62,814,540.62** | **100.0** |
| | | | | |
| **Liabilities** | | | | |
| **Shareholders' equity** | | | | |
| Share capital | 915,260.00 | | 915,260.00 | |
| Invested non-restricted equity fund | 1,315,120.71 | | 1,025,080.71 | |
| Retained earnings | 412,031.56 | | 998,903.65 | |
| Profit for financial period | 13,767,124.75 | | 14,958,292.67 | |
| | 16,409,537.02 | 31.1 | 17,897,537.03 | 28.5 |
| | | | | |
| **Accumulated appropriations** | 717,471.62 | 1.4 | 768,329.13 | 1.2 |
| | | | | |
| **Liabilities** | | | | |
| Non-current liabilities | 30,745.00 | | 33,706.00 | |
| Current liabilities | 35,553,586.92 | | 44,114,968.46 | |
| | 35,584,331.92 | 67.5 | 44,148,674.46 | 70.3 |
| | | | | |
| | **52,711,340.56** | **100.0** | **62,814,540.62** | **100.0** |

# Cash flow statement

| | 1.7.2019–30.6.2020 | 1.7.2018–30.6.2019 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Profit before extraordinary items | 14,764 | 16,082 |
| Adjustments | | |
| (Net) profit/loss from non-current assets | -191 | -337 |
| Depreciation and amortisation according to plan | 942 | 1,312 |
| Financial income and expenses | -299 | -252 |
| Cash flow before change in working capital | 15,215 | 16,805 |
| | | |
| Change in working capital | | |
| Increase (-)/decrease (+) in short-term zero-interest debtors | 22,062 | 4,364 |
| Increase (+)/decrease (-) in short-term zero-interest creditors | -9,352 | 1,992 |
| Cash flow from operating activities before financial items and taxes | 27,925 | 23,161 |
| | | |
| Interest paid and other financial expenses due to operations | -93 | -71 |
| Dividends received from operations | 0 | 86 |
| Interest received from operations | 392 | 237 |
| Direct taxes paid | -257 | -1,754 |
| **Cash flow from operating activities (A)** | **27,967** | **21,660** |
| | | |
| **Cash flow from investing activities** | | |
| Investments in tangible and intangible assets | -757 | -1,508 |
| Gains from divestments of tangible and intangible assets | 423 | 416 |
| Gains from divestment of financial assets | 2 | 3 |
| **Cash flow from investing activities (B)** | **-333** | **-1,089** |
| | | |
| **Cash flow from financing activities** | | |
| Rights issue | 290 | 406 |
| Acquisition of company's own shares | -530 | -1,015 |
| Return of capital from invested unrestricted equity | 0 | -6,048 |
| Increase (-)/decrease (+) in loan receivables | 364 | 0 |
| Increase (-)/decrease (+) in non-current loans | -3 | -2 |
| Dividends paid | -15,015 | -14,243 |
| **Cash flow from financing activities (C)** | **-14,894** | **-20,902** |
| | | |
| **Change in liquid assets (A+B+C) increase (+)/decrease (-)** | **12,741** | **-331** |
| | | |
| Liquid assets at the start of the financial period | 19,088 | 6,347 |
| Liquid assets at the end of the financial period | -6,347 | -6,678 |
| **Change in liquid assets** | **12,741** | **-331** |

# Notes on the financial statements of 30 June 2020

## Accounting principles

**Presentation of revenue and external services**
According to Decision 2007/1799 of the Finnish Accounting Board, revenue is presented by recognising subcontracting of global assignments in revenue, i.e., it includes all subcontracts for which PwC Finland bears full financial responsibility. However, revenue does not include international statutory audits performed by the local PwC firm. Corresponding charges paid to foreign PwC firms for the above-mentioned subcontracted tasks are recorded as external services.

During the financial period, subcontracting performed by foreign PwC firms included in the turnover stood at EUR 16,732,422 (EUR 15,363,712 in the previous financial period).

**Valuation of fixed assets**
Fixed assets are valued on the basis of their current acquisition cost less accumulated depreciation according to plan.

The amount of depreciation according to plan is calculated according to the depreciation plan prepared in advance as straight-line depreciation from the initial acquisition cost of fixed assets. Depreciation periods based on estimated economic working lives are presented in the notes on the income statement.

**Lease charges**
Lease charges are presented in the income statement as rent payments, except for PC equipment lease charges, which are recorded as IT expenditure incorporated in other operating expenses.

**Receivables and liabilities denominated in foreign currency**
Receivables and liabilities denominated in foreign currency are valued on the basis of the average rate on the balance sheet date.

**Appropriations**
Appropriations include the depreciation difference and voluntary reserves, which are presented on the balance sheet as accumulated appropriations.

**Deferred tax assets and liabilities**
Deferred tax assets and liabilities are presented in the notes on the financial statements in connection with income taxes.

| Notes on the income statement | 2020 | 2019 |
|---|---|---|

**1. Revenue per business area**

| | | |
|---|---|---|
| Audit services, statutory audit | 70,248,862.98 | 71,446,755.63 |
| Other services | 88,783,470.27 | 92,366,606.38 |
| Total | 159,032,333.25 | 163,813,362.01 |

**2. Other operating income**

| | | |
|---|---|---|
| Capital gains from fixed assets | 26,172.95 | 77,959.24 |
| Capital gains on the sale of shares | 205,207.55 | 265,381.75 |
| Other operating income | 0.00 | 81,143.00 |
| Total | 231,380.50 | 424,483.99 |

**3. Staff expenses**

| | | |
|---|---|---|
| Salaries and remunerations | 81,195,928.09 | 83,465,190.01 |
| Pension expenses | 14,313,458.89 | 15,060,867.24 |
| Other staff expenses | 2,569,319.11 | 2,656,504.21 |
| Total | 98,078,706.09 | 101,182,561.46 |

Notes on staff and members of PwC's bodies are presented later in Section 17.

**4. Depreciation and amortisation**

| | | |
|---|---|---|
| Depreciation according to plan | 941,567.11 | 1,312,362.17 |
| Total | 941,567.11 | 1,312,362.17 |

The balance sheet itemisation of changes in depreciation and depreciation difference is included in the itemisation of non-current assets and appropriations in the notes on the balance sheet.

Depreciation according to plan is based on the original acquisition costs of fixed assets and the estimated useful life. Depreciation periods according to plan are as follows:

| | Years | Years |
|---|---|---|
| Cars, incl. accessories | 5 | 5 |
| IT equipment and hardware | 2–3 | 2–3 |
| Other machinery and equipment | 8 | 8 |
| IT software | 4 | 4 |
| Renovation expenses of rented apartments | 5–7 | 5–7 |

| Notes on the income statement | 2020 | 2019 |
|---|---|---|
| **5. Financial income and expenses** | | |
| **Dividends received from other investments held as non-current assets** | | |
| From affiliates | 0 | 85,500.00 |
| **Dividends received from other investments held as non-current assets** | **0** | **85,500.00** |
| | | |
| **Other interest income and financial income** | **392,286.47** | **237,513.02** |
| | | |
| **Interest and other financial expenses** | **93,193.93** | **70,631.48** |
| | | |
| **Financial income and expenses in total** | **299,092.54** | **252,381.54** |
| | | |
| **6. Appropriations** | | |
| Depreciation difference increase (-)/decrease (+) | 50,857.51 | -41,560.05 |
| Total | 50,857.51 | -41,560.05 |
| | | |
| **7. Income taxes** | | |
| Income taxes from ordinary activities in the financial period (+/-) | 1,100,667.10 | 1,082,109.91 |
| Income taxes from ordinary activities in previous financial periods | -53,076.35 | -100.00 |
| Taxes based on PwC’s taxable income | 1,047,590.75 | 1,082,009.91 |
| | | |
| Deferred tax liability | 143,494.32 | 153,665.83 |

| Notes to balance sheet assets | 2020 | 2019 |
|---|---|---|
| **8. Intangible and tangible assets** | | |
| **Intangible asset** | | |
| | | |
| **Intangible rights** | | |
| Acquisition cost 1.7. | 1,954,861.48 | 1,954,861.48 |
| Increases 1.7.–30.6. | 0.00 | 0.00 |
| Decreases 1.7.–30.6. | 0.00 | 0.00 |
| Acquisition cost 30.6. | 1,954,861.48 | 1,954,861.48 |
| | | |
| Accumulated amortisation 1.7. | 1,742,691.80 | 1,446,876.77 |
| Accumulated amortisation of decreases | 0.00 | 0.00 |
| Amortisation in the financial period | 147,857.54 | 295,815.03 |
| Accumulated amortisation 30.6. | 1,890,549.34 | 1,742,691.80 |
| | | |
| Book value 30.6. | 64,312.14 | 212,169.68 |
| | | |
| **Other costs to be spread** | | |
| Acquisition cost 1.7. | 2,162,331.82 | 2,052,269.24 |
| Increases 1.7.–30.6. | 0.00 | 110,062.58 |
| Acquisition cost 30.6. | 2,162,331.82 | 2,162,331.82 |
| | | |
| Accumulated amortisation 1.7. | 2,028,653.02 | 1,723,558.35 |
| Amortisation in the financial period | 49,810.44 | 305,094.67 |
| Accumulated amortisation 30.6. | 2,078,463.46 | 2,028,653.02 |
| | | |
| Book value 30.6. | 83,868.36 | 133,678.80 |
| | | |
| Decreases in the acquisition cost and accumulated amortisation of the decreases include costs to be spread written off by the beginning of the financial period. | | |
| | | |
| **Intangible assets in total** | **148,180.50** | **345 848,48** |
| | | |
| **Tangible assets** | | |
| | | |
| **Machinery and equipment** | | |
| Acquisition cost 1.7. | 7,581,670.63 | 6,549,739.48 |
| Increases 1.7.–30.6. | 757,185.94 | 1,434,482.80 |
| Decreases 1.7.–30.6. | -529,842.86 | -402,551.65 |
| Acquisition cost 30.6. | 7,809,013.71 | 7,581,670.63 |
| | | |
| Accumulated depreciation 1.7. | 4,309,787.43 | 3,922,142.94 |
| Accumulated depreciation of decreases | -298,733.95 | -323,807.98 |
| Depreciation for the financial period | 743,899.13 | 711,452.47 |
| Accumulated depreciation 30.6. | 4,754,952.61 | 4,309,787.43 |
| | | |
| Book value 30.6. | 3,054,061.10 | 3,271,883.20 |
| | | |
| **Tangible assets in total** | **3,054,061.10** | **3,271,883.20** |

| Notes to balance sheet assets | 2020 | 2019 |
|---|---|---|
| **9. Investments** | | |
| | | |
| **Other shares and rights of ownership** | | |
| Acquisition cost 1.7. | 149,482.41 | 149,482.41 |
| Increases 1.7.–30.6. | 0.00 | 0.00 |
| Decreases 1.7.–30.6. | 2,018.26 | 0.00 |
| Acquisition cost 30.6. | 147,464.15 | 149,482.41 |
| | | |
| Book value 30.6. | 147,464.15 | 149,482.41 |
| | | |
| **Investments in total** | **147,464.15** | **149,482.41** |
| | | |
| **10. Non-current receivables** | | |
| Loan receivables | 482,409.24 | 846,444.44 |
| Rental deposits | 83,792.05 | 88,022.18 |
| Total | 566,201.29 | 934,466.62 |
| | | |
| **11. Current receivables** | | |
| **Trade receivables** | **25,825,088.00** | **48 047 030,88** |
| | | |
| **Other receivables** | **33,459.29** | **63 996,03** |
| **Prepayments and accrued income** | **3,849,269.14** | **3 654 813,04** |
| **Current receivables in total** | **29,707,816.43** | **51 765 839,95** |
| | | |
| **Material items included in the prepayments and accrued income** | | |
| Staff expenses | 0.00 | 0.00 |
| Other consequent payments | 3,849,269.14 | 3,654,813.04 |
| **Prepayments and accrued income in total** | **3,849,269.14** | **3,654,813.04** |

| Notes on the balance sheet liabilities | 2020 | 2019 |
|---|---|---|
| **12. Shareholders' equity** | | |
| Share capital 1.7. | 915,260.00 | 915,260.00 |
| Share capital 30.6. | 915,260.00 | 915,260.00 |
| | | |
| Invested non-restricted equity fund 1.7. | 1,025,080.71 | 6,667,040.71 |
| Return of capital from invested unrestricted equity | 0.00 | -6,048,000.00 |
| Rights issue | 290,040.00 | 406,040.00 |
| Invested non-restricted equity fund 30.6. | 1,315,120.71 | 1,025,080.71 |
| | | |
| Retained earnings 1.7. | 15,957,196.32 | 16,256,544.65 |
| Dividends paid | -15,014,772.12 | -14,242,617.00 |
| Acquisition of company's own shares | -530,392.64 | -1,015,024.00 |
| Retained earnings 30.6. | 412,031.56 | 998,903.65 |
| Profit for financial period | 13,767,124.75 | 14,958,292.67 |
| | 14,179,156.31 | 15,957,196.32 |
| | | |
| **Shareholders' equity in total** | **16,409,537.02** | **17,897,537.03** |
| | | |
| **Distributable assets** | **15,494,277.02** | **16,982,277.03** |
| | | |
| **13. Accumulated appropriations** | | |
| **Depreciation difference** | | |
| Intangible rights | -39,158.30 | -15,608.62 |
| Machinery and equipment | 756,629.92 | 783,938.26 |
| Total | 717,471.62 | 768,329.64 |
| | | |
| **14. Non-current liabilities** | | |
| Other non-current liabilities, pension liability | 30,745.00 | 33,706.00 |
| Total | 30,745.00 | 33,706.00 |
| | | |
| **15. Current liabilities** | | |
| Trade creditors | 1,407,091.59 | 3,767,857.91 |
| Other current liabilities | 9,427,986.22 | 13,684,859.59 |
| | | |
| Accruals and deferred income | 24,718,509.11 | 26,662,250.96 |
| **Current liabilities in total** | **35,553,586.92** | **44,114,968.46** |
| | | |
| **Material items included in the prepayments and deferred income** | | |
| Staff expenses | 23,139,447.22 | 25,591,868.47 |
| Other consequent payments | 1,579,061.89 | 1,070,382.49 |
| **Accruals and deferred income in total** | **24,718,509.11** | **26,662,250.96** |

| Notes on the balance sheet liabilities | 2020 | 2019 |
|---|---|---|
| **16. Audit fees** | | |
| Auditing | 31,940.00 | 33,050.00 |
| Certificates and opinions | 0.00 | 0.00 |
| Audit fees in total | 31,940.00 | 33,050.00 |
| | | |
| **17. Notes on staff and members of PwC bodies** | | |
| 17 a. Average no. of staff | 1286 | 1227 |
| | | |
| 17 b. No. of staff by business area at the end of financial period | | |
| Audit services, statutory audit | 519 | 539 |
| Other services | 579 | 553 |
| Support functions and internal services | 117 | 104 |
| Total | 1215 | 1196 |
| | | |
| 17 c. The salaries of the CEO and members of the Board of Directors subject to prepayment tax were | 3,533,989.82 | 3,913,010.89 |
| | | |
| **18. Collaterals and contingent liabilities** | | |
| | | |
| **Pledges and contingent liabilities** | | |
| | | |
| **Other collaterals:** | | |
| Pledges as collateral for rent | 83 792,05 | 88,022.18 |
| Total | 83 792,05 | 88,022.18 |
| | | |
| **Other liabilities** | | |
| Leasing liabilities: | | |
| - Payments the following year | 1,052,207.92 | 1,421,146.76 |
| - Payments later | 677,009.07 | 848,586.59 |
| Total | 1,729,216.99 | 2,269,733.35 |
| | | |
| | Next financial period | Subsequent financial years |
| | | |
| Leasing liabilities from long-term, non-cancellable lease agreements | 4,771,946.48 | 23,142,830.28 |
| | | |
| **Client assets held** | **28,331.95** | **453,164.85** |

# Signatures and auditor's note

**Signatures for annual report and financial statements**

Helsinki on 16 September 2020

Janne Rajalahti
Chairman of the Board

Ylva Eriksson

Markku Katajisto

Merja Lindh

Simo Valtti

Martti Virolainen

Kimmo Vilske

Mikko Nieminen
CEO

**Auditor's note**

A report has been given today on the audit performed.

Helsinki on 23 September 2020

Revico Grant Thornton Oy – Audit firm

Joakim Rehn
APA

# Auditor’s report

## For PricewaterhouseCoopers Oy’s Annual General Meeting

### AUDIT OF FINANCIAL STATEMENTS

#### Conclusion

We have audited PricewaterhouseCoopers Oy’s (Business ID 0486406-8) financial statements for the financial period of 1 July 2019 to 30 June 2020. The financial statements include the balance, income statement and cash flow statement of the company, as well as additional notes.

In our conclusion, we state that the financial statements present a correct and sufficient picture of the company’s performance and financial position in accordance with the regulations concerning financial statements that are applicable in Finland and meet the statutory requirements.

#### Grounds for the conclusion

We have performed the audit in accordance with good auditing practice in Finland. Our obligations according to good auditing practice are described in more detail under The auditor’s obligations with regard to the audit of the financial statements. We are independent of the company in accordance with the ethical requirements that apply in Finland regarding our audit and we have fulfilled our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit’s conclusion.

#### Obligations of the Board of Directors and CEO with regard to the financial statements

The Board of Directors and CEO are responsible for ensuring that the financial statements give a correct and sufficient picture in accordance with the regulations concerning financial statements that are applicable in Finland and meet the statutory requirements. The Board of Directors and CEO are also responsible for such internal control which they consider necessary for the preparation of financial statements that are free from significant inaccuracies caused by malpractice or errors.

When preparing the financial statement, the Board of Directors and CEO are obliged to assess the ability of the company to continue their operations and, where appropriate, to present the facts relating to the continuity of operations and to the fact that the financial statements have been prepared based on the continuity of operations. The financial statements are prepared based on the continuity of operations, except if the company is to be dissolved or the operations are to be discontinued or there is no realistic alternative to doing so.

#### The auditor’s obligations with regard to the audit of the financial statements

Our goal is to reach reasonable certainty of whether the financial statements as a whole contain significant inaccuracies caused by malpractice or errors, and to provide an auditor’s report containing our conclusion. Reasonable certainty is a high degree of certainty, but this is not a guarantee that significant inaccuracies are always detected in an audit performed in accordance with good auditing practice. Inaccuracies may occur because of malpractice or errors, and are considered significant if they alone or jointly can reasonably be expected to influence the financial decisions made by users on the basis of the financial statements.

Auditing in accordance with good auditing practice includes using our professional judgment and maintaining professional scepticism throughout the audit.

Additionally:

- We recognise and assess significant risks of inaccuracies arising from malpractice or errors, plan and implement auditing practices to manage these risks and obtain sufficient and appropriate evidence as the basis for our conclusion. The risk that a significant inaccuracy caused by malpractice is not detected is greater than the risk that a significant inaccuracy caused by an error is not detected, as malpractice may be associated with collusion, forgery, intentional non-disclosure of information, presentation of incorrect information or ignoring of internal control.

- We form an understanding of the internal control relevant to the audit in order to be able to plan appropriate auditing practices, but not in order to be able to provide a statement on the effectiveness of the company's internal control.

- We assess whether the principles applied to the preparation of the financial statements are appropriate and whether the accounting estimates made by the management and the information contained therein are reasonable.

- TWe conclude whether it was appropriate for the Board of Directors and the CEO to prepare financial statements based on the assumption of continuity of operations, and based on the evidence we have obtained, we conclude whether there is such uncertainty related to transactions or circumstances that may give rise to significant doubt as to the ability of the company to continue to operate. If our conclusion is that there is significant uncertainty, we must ensure that the reader of the auditor's report becomes aware of the information in the financial statements associated with the uncertainty or, if the information associated with the uncertainty is not sufficient, adjust our conclusion. Our conclusion is based on the evidence we have obtained prior to presenting the auditor's report. However, future events or circumstances may result in the company being unable to continue operating.

- We evaluate the general presentation, structure and content of the financial statements, including all the information that is presented therein, and assess whether the statements reflect the business operations and transactions on which they are based in such a way that they present a correct and sufficient picture.

We communicate with the governing bodies about, for example, the planned scope and scheduling of the audit and significant findings, including any significant inadequacies of the internal control that we may identify during the audit.

## OTHER REPORTING OBLIGATIONS

### Other information

The Board of Directors and the CEO are responsible for other information. Other information encompasses the annual report. Our conclusion concerning the audit does not apply to other information.

It is our obligation to read the other information in connection with the audit and to assess whether the other information significantly contradicts the information that we have gained from the financial statements or during the audit, or otherwise appears to be significantly incorrect. It is also our obligation to assess whether the annual report has been written in accordance with the applicable regulations.

In our conclusion, we state that the information in the annual report and the financial statement is consistent and that the annual report has been written in accordance with applicable regulations.

If we, based on our work, reach the conclusion that there are significant inaccuracies in the annual report, we must report this. We have nothing to report on this matter.

Helsinki 23. September 2020

Revico Grant Thornton Oy
Audit firm

Joakim Rehn
APA

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