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Annual report and financial statements 2017

pwc

Domicile: Helsinki
Business ID: 0486406-8
PricewaterhouseCoopers Oy

Contents

Annual report

for the financial period

1 July 2016 – 30 June 2017

Operations during the financial period

During the past financial period, PwC Finland consisted of PricewaterhouseCoopers Oy, which was founded in 1954, and its two fully-owned subsidiaries, PwC Strategy& (Finland) Oy and PwC Services Oy, which was not engaged in business operations. In addition, the parent company holds the affiliate PwC Julkistarkastus Oy.

PwC Finland's services range from consulting, deals, tax consulting and legal services to auditing and other assurance services. We are part of the global PwC network, through which our experts, numbering more than 236,000, serve clients in 158 countries.

Financial position, financial results and investments

For PwC Finland, the past financial period was extremely positive. Compared to the previous period, the company's revenue increased by 8.7% to EUR 135.2 million. The parent company's share of the total revenue was EUR 133 million.

Both the revenue and profitability increased in all business areas. The revenue of the largest business area, auditing and other assurance services, increased by 9%, whereas the revenue of tax consulting and legal services grew by 2% and that of consulting and deals by as much as 15% from the previous year.

During the financial period, the average number of personnel increased by 8.0% to 990 employees. Correspondingly, personnel costs with performance bonuses included increased by 7.8% to EUR 83.3 million.

Operating profit for the past financial period was EUR 12.1 (12.2) million, comprising 9.0% (9.8) of the revenue. Equity ratio was 36.8% (38.4) and return on equity was 54.1% (48.3). Our financial position remained firm throughout the financial period. PwC Finland has no interest-bearing liabilities.

Pursuant to the new Finnish Accounting Act, PwC Finland's parent company PricewaterhouseCoopers Oy was registered as a community of authorised public accountants in March 2016. The company remained the number one auditor of Finnish companies quoted on the main list of NASDAQ OMX Helsinki, its market share in the industry being 38%.

Key indicators

	2017	2016	2015
Revenue	135,234,977	124,431,125	109,646,518
Operating profit	12,119,817	12,195,515	3,708,873
Equity ratio	36.8%	38.4%	35.0%
Return on equity	54.1%	48.3%	16.2%

Investments in tangible and intangible assets during the financial period amounted to EUR 0.9 (0.7) million. Investments focused mainly on furniture and equipment.

The key figures for the 2017 and 2016 financial periods include the entire PwC Finland group, whereas those from 2015 only include the parent company. The key figures are not fully comparable, as an input-based dividend is distributed for the 2017 and 2016 financial periods, which has an impact on personnel costs, operating profit and other figures.

Company structure and changes thereto

During the last financial period, the group consisted of the parent company PricewaterhouseCoopers Oy and the professional consulting firm PwC Strategy& (Finland) Oy as well as PwC Services Oy, which was not engaged in business operations. On the last day of the financial period, the subsidiaries merged with the parent company. In addition, the parent company holds the affiliate PwC Julkistarkastus Oy.

In addition to the Helsinki office, PwC Finland operates offices in nineteen different towns and cities around Finland: In Hämeenlinna, Iisalmi, Jyväskylä, Kouvola, Kuopio, Lahti, Lappeenranta, Mariehamn, Mikkeli, Oulu, Pori, Raahe, Rovaniemi, Savonlinna, Seinäjoki, Tampere, Turku, Vaasa, and Varkaus.

Personnel and competence development

As a professional services firm, the competence, motivation and wellbeing of the personnel are key success factors of our company. The last financial period was the first in the new four-year strategy period. One of our strategic goals is to be the best employer for our experts. In accordance with our strategy, we focus on developing our employees' professional skills by training supervisors and developing wellbeing at work.

During the last financial period, we participated in the Great Place to Work survey for the first time and were the only larger employer to be given the Great Place to Work certificate in recognition of our equal treatment of all personnel groups and our comprehensive focus on wellbeing at work.

We also map employee satisfaction through monthly surveys and annual global employee surveys conducted within the entire PwC network. . During the last financial period, the People Engagement Index, according to the PwC network's metrics, was 73% (79%).

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 personnel within the group increased by 6.5%, totalling 994 (933) at the end of the financial period. The average number of personnel during the financial period was 990 (916). Part-time employees accounted for 9.7% (6.9) of the number of personnel. At the end of the financial period, the average age of

Personnel

	2017	2016	2015
Number of personnel at the end of the financial period	994	933	833
Average number of personnel during the financial period	990	916	830
Average age at the end of the financial period	36.1	36.1	36.7
Average service period in years	6.5	6.6	7.1
Percentage of men of all employees	45.3%	44.9%	44.9%
Percentage of women of all employees	54.7%	55.1%	55.1%

the company's personnel was 36.1 (36.1) years. The average length of employment was 6.5 (6.6) years. Of the personnel, 55% (55) were women and 45% (45) were men.

At the end of the financial period, 56.8% (56.1) of the personnel worked in auditing and assurance services, 18.7% (19.3) in tax counselling and legal services, 15.9% (16.3) in consulting and deals, and 8.6% (8.4) in internal services and support functions.

The key figures for the 2017 and 2016 financial periods include the entire PwC Finland group, whereas those from 2015 only include the parent company.

The company's administration

According to the Articles of Association, the Annual General Meeting (AGM) elects the Board of Directors annually. The Board must consist of no fewer than five and no more than nine ordinary members. Until 23 November 2016, the Board of Directors consisted of Ylva Eriksson, Markku Katajisto, Jaakko Kilpeläinen, Juha Laitinen, Pekka Loikkanen (chairman) and Timo Takalo.

At the 23 November 2016 AGM, Ylva Eriksson, Markku Katajisto, Jaakko Kilpeläinen, Markku Hakkarainen, Pekka Loikkanen and Timo Takalo were elected to the Board of Directors. The AGM elected Pekka Loikkanen, APA the chairman of the Board of Directors.

At an Extraordinary General Meeting (EGM) on 10 May 2017, Martti Virolainen was elected to the Board of Directors to replace Markku Hakkarainen, who had been appointed as the business director of tax counselling and legal services.

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, served as the company's CEO for the financial period, this being his second period as the CEO.

Shareholders and changes in share capital

On 30 June 2017, the company had a total of 37,160 shares held by the company's 46 shareholders. The total number of shares is composed of two share types, and a redemption and consent clause has been included in the articles of association.

On 23 November 2016, the AGM authorised the Board to, at its own discretion, issue up to 10,000 A shares through directed issues. By 30 June 2017, a total of 3,600 A shares have been issued under this authorisation.

There was a single A share issue in the financial period. The A share capital was increased by issuing 3,600 A shares, 2,800 of which were directed as a new issue to the new partners appointed from 1 July 2016. The remaining 800 A shares were directed as a new issue to 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 23 November 2016, EUR 315 per share.

On 23 November 2016, the AGM authorised the Board of Directors to acquire, at their own discretion, up to 10,000 A shares of company stock other than in proportion to the holdings of the shareholders. The authorisation will remain in effect until the next Annual General Meeting, which will be held no later than on 31 December 2017, and 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 annually confirmed mapping classification. On the basis of this authorisation, a total of 6,100 A shares were acquired during the financial period. All shares held by the company were annulled by 30 June 2017.

On 10 May 2017, the EGM decided on a directed share issue in which each shareholder was issued ten (10) new B shares. It was decided that a maximum of 460 new B shares would be issued. By 30 June 2017, a total of 460 B shares had been issued according to the decision.

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 in connection with the drafting of business plans and strategy, and supervises compliance with the company's risk management policy. The company has prepared for hazard risks through an insurance programme.

By 30 October 2017, the company will publish a transparency report which contains a description of the company's risk management and quality assurance system.

Outlook for the current financial period

The company's business has grown steadily in all service areas, and the positive trend is expected to continue during the new financial period. The upswing of the Finnish economy and the many business reorganisations increase the demand for our expert services. At the same time, however, we face greater challenges posed by regulations and changing legislation, which require continuous development of our practices and personnel.

During the second year of our strategic four-year period, we will set out to further strengthen our competence in offering services in all stages of the business reorganisation process. At the same time, we will acquire and develop new resources in order to meet our customers' digitalisation and technology consultation needs and the increasing demand for risk management services particularly in the financial sector, but also in other sectors.

Distribution of profits

According to its financial statements, the company's distributable assets on 30 June 2017 amounted to EUR 17,389,393.76, of which the profit for the period comprises EUR 12,499,924.22.

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 are used as follows:

EUR 80 per share distributed as dividends, i.e., 36,700 × EUR 80, totalling	2,936,000.00
Total amount to be distributed as input-based dividends	8,187,453.00
Retained earnings	6,265,940.76
Total distributable assets	**17,389,393.76**

Consolidated statement of income

	1.7.2016 – 30.6.2017	%	1.7.2015 – 30.6.2016	%
Revenue	**135,234,976.58**	100.0	**124,431,124.94**	100.0
Other operating income	394,401.88	0.3	460,655.78	0.4
Materials and services				
External services	15,446,028.26	11.4	11,432,138.35	9.2
Personnel expenses				
Salaries and remunerations	66,433,865.96	49.1	61,235,449.59	49.2
Other personnel expenses	16,870,601.58	12.5	16,020,616.04	12.9
	83,304,467.54	61.6	77,256,065.63	62.1
Depreciation and amortisation	1,288,695.81	1.0	1,469,846.38	1.2
Consolidated goodwill amortisation	0.00	0.0	208,489.87	
Other operating expenses	23,470,370.00	17.4	22,329,725.14	17.9
Operating profit	**12,119,816.85**	9.0	**12,195,515.35**	9.8
Financial income and expenses	69,359.55	0.1	48,554.72	0.0
Share from the profit of associated companies	56,190.23	0.0	42,452.39	0.0
Profit before appropriations and taxes	**12,245,366.63**	9.1	**12,286,522.46**	9.9
Income taxes	-516,502.88	-0.4	-2,291,353.57	-1.8
Deferred taxes	-4,732.63	0.0	13,163.79	0.0
Profit for the financial period	**11,724,131.12**	8.7	**10,008,332.68**	8.0

Consolidated balance sheet

	30.6.2017	30.6.2016
Assets		
Non-current assets		
Intangible assets	1,351,353.83	1,655,224.34
Tangible assets	2,215,971.95	2,558,167.04
Investments	302,589.43	270,381.20
	3,869,915.21	4,483,772.58
Current assets		
Non-current receivables	109,390.78	101,610.78
Current receivables	45,961,262.79	44,516,165.73
Cash in hand and at bank	7,645,171.63	8,646,692.34
	53,715,825.20	53,264,468.85
	57,585,740.41	**57,748,241.43**
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	4,012,686.00	5,378,226.00
Retained earnings	2,289,765.70	3,630,669.02
Profit for the financial period	11,724,131.12	10,008,332.68
	21,212,196.53	22,202,841.41
Liabilities		
Non-current liabilities	66,165.00	71,241.00
Current liabilities	36,307,378.88	35,474,159.02
	36,373,543.88	35,545,400.02
	57,585,740.41	**57,748,241.43**

Consolidated cash flow statement (EUR 1,000)

	1.7.2016 – 30.6.2017	1.7.2016 – 30.6.2017
Cash flow from operations		
Profit before extraordinary items	12,245	12,287
Adjustments		
(Net) profit/loss from non-current assets	-176	-238
Depreciation and amortisation according to plan	1,288	1,678
Financial income and expenses	-93	-49
Share from the loss of associated companies	-32	-42
Cash flow before change in working capital	13,232	13,636
Change in working capital		
Increase (-)/decrease (+) in short-term zero-interest debtors	-1,205	-7,307
Increase (-)/decrease (+) in short-term zero-interest creditors	2,423	-2,225
Cash flow from operations before financial items and taxes	14,450	4,104
Interest paid and other financial expenses arising from operations	-130	-137
Dividends received from operations	24	21
Interest received from operations	200	165
Direct taxes paid	-2,359	-530
Cash flow from operations (A)	**12,185**	**3,623**
Cash flow from investments		
Investments in tangible and intangible assets	-899	-696
Investments in other financial assets	0	0
Gains from divestments of tangible and intangible assets	432	799
Gains from divestment of other financial assets	0	1
Cash flow from investments (B)	**-467**	**104**
Cash flow from financing activities		
Rights issue	1,134	2,232
Acquisition of company's own shares	-1,952	-2,014
Return of capital from invested unrestricted equity fund	0	-5,610
Increase (-)/decrease (+) in non-current loans	-5	-28
Dividends paid	-11,897	-2,244
Cash flow from financing activities (C)	**-12,720**	**-7,664**
Change in liquid assets (A+B+C) increase (+)/decrease (-)	**-1,002**	**-3,937**
Liquid assets at the start of the financial period	7,645	8,647
Liquid assets at the end of the financial period	-8,647	-12,584
Change in liquid assets	**-1,002**	**-3,937**

Parent company's income statement

	1.7.2016 – 30.6.2017	%	1.7.2015 – 30.6.2016	%	Change in -%
Revenue	**132,895,636.88**	100.0	**121,006,345.64**	100.0	9.8
Other operating income	2,069,316.07	1.6	371,922.78	0.3	456.4
Materials and services					
External services	15,356,959.92	11.6	10,737,405.00	8.9	43.0
Personnel expenses					
Salaries and remunerations	65,604,903.19	49.4	60,034,779.01	49.6	9.3
Other personnel expenses	16,673,092.75	12.5	15,754,748.99	13.0	5.8
	82,277,995.94	61.9	75,789,528.00	62.6	8.6
Depreciation and amortisation	1,285,086.56	1.0	1,464,901.90	1.2	-12.3
Other operating expenses	23,202,261.79	17.5	22,015,791.39	18.2	5.4
Operating profit	**12,842,648.74**	9.7	**11,370,642.13**	9.4	12.9
Financial income and expenses	93,507.09	0.1	46,469.02	0.0	101.2
Profit before appropriations and taxes	**12,936,155.83**	9.7	**11,417,111.15**	9.4	13.3
Appropriations	-23,663.17	0.0	65,818.94	0.1	-136.0
Income taxes	-412,568.44	0.3	-2,291,353.57	-1.9	-82.0
Profit for the financial period	**12,499,924.22**	9.4	**9,191,576.52**	7.6	36.0

Parent company's balance sheet

	30.6.2017	%	30.6.2016	%
Assets				
Non-current assets				
Intangible assets	1,351,353.83		1,655,224.34	
Tangible assets	2,215,971.95		2,554,447.26	
Investments	153,681.03		364,671.90	
	3,721,006.81	6.5	4,574,343.50	8.1
Current assets				
Non-current receivables	109,390.78		101,610.78	
Current receivables	45,961,262.79		42,847,677.27	
Cash in hand and at bank	7,645,171.63		8,643,628.74	
	53,715,825.20	93.5	51,592,916.79	91.9
	57,436,832.01	100.0	**56,167,260.29**	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	4,012,686.00		5,378,226.00	
Retained earnings	876,783.54		3,034,443.02	
Profit for the financial period	12,499,924.22		9,191,576.52	
	20,575,007.47	35.8	20,789,859.25	37.0
Accumulated appropriations	610,350.82	1.1	586,687.65	1.0
Liabilities				
Non-current liabilities	66,165.00		71,241.00	
Current liabilities	36,185,308.72		34,719,472.39	
	36,251,473.72	63.1	34,790,713.39	61.9
	57,436,832.01	100.0	**56,167,260.29**	100.0

Parent company's cash flow statement (EUR 1,000)

	1.7.2016 – 30.6.2017	1.7.2015 – 30.6.2016
Cash flow from operations		
Profit before extraordinary items	12,936	11,417
Adjustments		
(Net) profit/loss from non-current assets	-176	-244
Depreciation and amortisation according to plan	1,285	1,465
Financial income and expenses	-93	-46
Cash flow before change in working capital	13,952	12,592
Change in working capital		
Increase (-)/decrease (+) in short-term zero-interest debtors	-2,873	-6,440
Increase (-)/decrease (+) in short-term zero-interest creditors	3,060	-1,842
Cash flow from operations before financial items and taxes	14,139	4,310
Interest paid and other financial expenses arising from operations	-129	-135
Dividends received from operations	24	21
Interest received from operations	199	161
Direct taxes paid	-2,255	-530
Cash flow from operations (A)	**11,978**	**3,827**
Cash flow from investments		
Investments in tangible and intangible assets	-899	-696
Investments in other financial assets	0	0
Gains from divestments of tangible and intangible assets	432	799
Gains from divestment of other financial assets	211	1
Cash flow from investments (B)	**-256**	**104**
Cash flow from financing activities		
Rights issue	1,134	2,232
Acquisition of own shares	-1,952	-2,014
Return of capital from invested unrestricted equity fund	0	-5,610
Increase (-)/decrease (+) in non-current loans	-5	-28
Dividends paid	-11,897	-2,244
Cash flow from financing activities (C)	**-12,720**	**-7,664**
Change in liquid assets (A+B+C) increase (+)/decrease (-)	**-998**	**-3,733**
Liquid assets at the start of the financial period	7,645	8,643
Liquid assets at the end of the financial period	-8,643	-12,376
Change in liquid assets	**-998**	**-3,733**

Accounting principles

Presentation of revenue and external services

Revenue is presented in accordance with Decision 2007/1799 of the Finnish Accounting Board by recording subcontracts of globally administered assignments as revenue, i.e., revenue include the subcontracts for which PwC Finland has the full financial responsibility. However, revenue does not comprise any foreign, statutory audits performed by a local PwC company. The corresponding payments made to foreign PwC companies for the above-mentioned subcontracted tasks are recorded as external services.

During the financial period, subcontracting performed by foreign PwC firms included in the consolidated revenue stood at EUR 15,273,278 (EUR 11,106,362 in the previous financial period).

Valuation of fixed assets

Fixed assets are valued on the basis of their current acquisition cost less 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 the fixed asset. The depreciation times, which are based on estimated useful life, are presented in the notes to the income statement.

Lease charges

Lease charges are presented in the income statement as rents, 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.

Pension arrangements

The statutory pension plan for personnel is covered through the pension insurance company Ilmarinen. PwC Finland has taken out separate voluntary group pension insurance policies for all its partners. According to the contract, the retirement age is set at 60 to 63 years.

Appropriations

Appropriations include the depreciation difference and voluntary reserves, which are presented in 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.

Accounting principles of consolidated financial statements

The scope of consolidated financial statements and changes in the Group structure

All group and affiliate companies have been consolidated in the consolidated financial statements.

On 30 June 2017, PwC Strategy& (Finland) OY and PwC Services Oy merged with the parent company PricewaterhouseCoopers Oy.

Mutual shareholdings

The consolidated financial statements have been prepared according to the acquisition cost method.

Any price in excess of equity paid for participations in subsidiaries has been recognised at consolidated goodwill.

Internal transactions

Internal turnover, income and expenses of the group as well as intercompany liabilities and receivables have been eliminated when preparing the consolidated financial statements.

Minority interests

There were no minority interests during the financial period.

Associated company

Associated companies have been consolidated following the capital interest method.

The share from the associated company's profit and equity pertaining to the Group's shareholding has been presented on a separate row.

Deferred tax liability

Deferred tax liability is generated by the recognised depreciation difference.

Tax liabilities have not been registered for the parent company. In consolidated financial statements, however, the depreciation difference has been divided into deferred tax liabilities and equity.

Notes to the 30 June 2017 financial statements

Notes to income statement	2017 Group	2016 Group	2017 Parent company	2016 Parent company
1. Revenue per business area				
Auditing and other assurance services	77,954,072.66	71,629,216.62	77,954,072.66	71,629,216.62
Tax consultancy	27,163,362.64	27,205,363.31	27,163,362.64	27,205,363.31
Consulting and Deals	30,117,541.28	25,596,545.01	27,778,201.58	22,171,765.71
Total	135,234,976.58	124,431,124.94	132,895,636.88	121,006,345.64
2. Other operating income				
Capital gains from fixed assets	181,608.52	217,917.93	181,608.52	217,917.93
Merger gains	0.00	0.00	1,773,848.55	0.00
Other operating income	212,793.36	242,737.85	113,859.00	154,004.85
Total	394,401.88	460,655.78	2,069,316.07	371,922.78
3. Personnel expenses				
Salaries and remunerations	66,433,865.96	61,235,449.59	65,604,903.19	60,034,779.01
Pension expenses	13,446,749.20	12,182,912.78	13,273,402.69	11,950,051.70
Other personnel expenses	3,423,852.38	3,837,703.26	3,399,690.06	3,804,697.29
Total	83,304,467.54	77,256,065.63	82,277,995.94	75,789,528.00

Notes concerning personnel and members of PwC bodies are presented later in Section 18.

4. Depreciation and amortisation				
Depreciation according to plan	1,288,695.81	1,469,846.38	1,285,086.56	1,464,901.90
Consolidated goodwill amortisation	0.00	208,489.87	0.00	0.00
Total	1,288,695.81	1,678,336.25	1,285,086.56	1,464,901.90

The breakdown of depreciation and change in depreciation difference by balance sheet item is included in the items of non-current assets and accumulated appropriations.

Depreciation according to plan is based on the initial acquisition cost and estimated useful life of the fixed asset concerned. 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 properties	5–7	5–7

Notes to income statement	2017 Group	2016 Group	2017 Parent company	2016 Parent company
5. Financial income and expenses				
Dividends received from other investments held as non-current assets				
From affiliates	0.00	0.00	23,940.00	20,560.00
Income from other sources	0.00	0.00	0.00	0.00
Dividends received from other investments held as non-current assets	0.00	0.00	23,940.00	20,560.00
Other interest income and financial income	199,568.33	165,074.11	198,914.29	161,309.94
Interest and other financial expenses	130,208.78	137,079.39	129,347.20	135,400.92
Financial income and expenses in total	69,359.55	48,554.72	93,507.09	46,469.02
6. Appropriations				
Depreciation difference increase (-)/decrease (+)	0.00	0.00	-23,663.17	65,818.94
Total	0.00	0.00	-23,663.17	65,818.94
7. Income taxes				
Income taxes from ordinary activities in the financial period (+/-)	524,863.18	2,288,676.53	420,928.74	2,288,676.53
Income taxes from ordinary activities in previous financial periods	-8,360.30	2,677.04	-8,360.30	2,677.04
Change in deferred tax liabilities (+/-)	4,732.63	-13,163.79	0.00	0.00
Taxes based on the taxable income	521,235.51	2,278,189.78	412,568.44	2,291,353.57

The tax information is not comparable, as an input-based dividend was paid for the first time during the financial period of 2016.

Notes to balance sheet assets	2017 Group	2016 Group	2017 Parent company	2016 Parent company
8. Intangible and tangible assets				
Intangible assets				
Intangible rights				
Acquisition cost 1 July	2,019,591.19	1,799,256.10	2,019,591.19	1,799,256.10
Increases 1 July – 30 June	295,920.50	220,335.09	295,920.50	220,335.09
Acquisition cost 30 June	2,315,511.69	2,019,591.19	2,315,511.69	2,019,591.19
Accumulated write-offs 1 July	1,287,178.30	1,061,057.07	1,287,178.30	1,061,057.07
Write-offs during the financial period	300,315.17	226,121.23	300,315.17	226,121.23
Accumulated write-offs 30 June	1,587,493.47	1,287,178.30	1,587,493.47	1,287,178.30
Book value 30 June	728,018.22	732,412.89	728,018.22	732,412.89
Consolidated goodwill				
Acquisition cost 1 July	0.00	208,489.87	0.00	0.00
Increases 1 July – 30 June	0.00	0.00	0.00	0.00
Decreases 1 July – 30 June	0.00	0.00	0.00	0.00
Acquisition cost 30 June	0.00	208,489.87	0.00	0.00
Accumulated write-offs 1 July	0.00	0.00	0.00	0.00
Accumulated write-offs of the decreases	0.00	0.00	0.00	0.00
Write-offs during the financial period	0.00	208,489.87	0.00	0.00
Accumulated write-offs 30 June	0.00	208,489.87	0.00	0.00
Book value 30 June	0.00	0.00	0.00	0.00
Other long term expenses				
Acquisition cost 1 July	2,052,269.24	2,052,269.24	2,052,269.24	2,052,269.24
Increases 1 July – 30 June	0.00	0.00	0.00	0.00
Acquisition cost 30 June	2,052,269.24	2,052,269.24	2,052,269.24	2,052,269.24
Accumulated write-offs 1 July	1,129,457.79	829,981.71	1,129,457.79	829,981.71
Write-offs during the financial period	299,475.84	299,476.08	299,475.84	299,476.08
Accumulated write-offs 30 June	1,428,933.63	1,129,457.79	1,428,933.63	1,129,457.79
Book value 30 June	623,335.61	922,811.45	623,335.61	922,811.45

Acquisition cost decreases and accumulated write-offs of the decreases include the non-current expenses written off at the beginning of the financial year.

Intangible assets in total	**1,351,353.83**	**1,655,224.34**	**1,351,353.83**	**1,655,224.34**
Tangible assets				
Machinery and equipment				
Acquisition cost 1 July	7,881,754.18	9,138,932.13	7,800,672.21	9,019,186.91
Increases 1 July – 30 June	603,026.07	476,013.21	603,026.07	476,013.21
Decreases 1 July – 30 June	-1,589,903.76	-1,733,191.16	-1,589,793.23	-1,694,527.91
Acquisition cost 30 June	6,894,876.49	7,881,754.18	6,813,905.05	7,800,672.21
Accumulated write-offs 1 July	5,323,587.14	5,552,293.33	5,246,224.95	5,447,073.27
Accumulated write-offs of the decreases	-1,333,587.40	-1,172,955.26	-1,333,587.40	-1,140,152.91
Write-offs during the financial period	688,904.80	944,249.07	685,295.55	939,304.59
Accumulated write-offs 30 June	4,678,904.54	5,323,587.14	4,597,933.10	5,246,224.95
Book value 30 June	2,215,971.95	2,558,167.04	2,215,971.95	2,554,447.26
Tangible assets in total	**2,215,971.95**	**2,558,167.04**	**2,215,971.95**	**2,554,447.26**

Notes to balance sheet assets	2017 Group	2016 Group	2017 Parent company	2016 Parent company
9. Investments				
Participation in subsidiaries				
Acquisition cost 1 July	0.00	0.00	210,990.87	210,990.87
Increases 1 July – 30 June	0.00	0.00	0.00	0.00
Decreases 1 July – 30 June	0.00	0.00	-210,990.87	0.00
Acquisition cost 30 June	0.00	0.00	0.00	210,990.87
Book value 30 June	0.00	0.00	0.00	210,990.87
Participation in subsidiaries in total	**0.00**	**0.00**	**0.00**	**210,990.87**
Participation in participating interests				
Acquisition cost 1 July	119,576.08	78,570.21	2,875.91	4,322.43
Increases 1 July – 30 June	56,190.23	42,452.39	0.00	0.00
Decreases (distribution of dividends for previous years) 1 July – 30 June	-23,982.00	-1,446.52	0.00	-1,446.52
Transfers between items 1 July – 30 June	0.00	0.00	0.00	0.00
Acquisition cost 30 June	151,784.31	119,576.08	2,875.91	2,875.91
Book value 30 June	151,784.31	119,576.08	2,875.91	2,875.91
Participation in participating interests in total	**151,784.31**	**119,576.08**	**2,875.91**	**2,875.91**
Other shares and similar rights of ownership				
Acquisition cost 1 July	150,805.12	150,805.12	150,805.12	150,805.12
Decreases 1 July – 30 June	0.00	0.00	0.00	0.00
Acquisition cost 30 June	150,805.12	150,805.12	150,805.12	150,805.12
Book value 30 June	150,805.12	150,805.12	150,805.12	150,805.12
Investments in total	**302,589.43**	**270,381.20**	**153,681.03**	**364,671.90**
10. Holdings in other undertakings				
Group companies	Domicile	Equity holding (%)		
PwC Services Oy	Helsinki	100.00		
PwC Strategy& (Finland) Oy	Helsinki	100.00		
Associated company				
PwC Julkistarkastus Oy	Helsinki	30.00		
11. Non-current receivables				
Rental deposits	109,390.78	101,610.78	109,390.78	101,610.78
Total	109,390.78	101,610.78	109,390.78	101,610.78
12. Current receivables				
Trade receivables	31,600,157.26	31,474,423.00	31,600,157.26	30,321,834.02
Receivables from Group companies				
Trade receivables	0.00	0.00	0.00	0.00
Prepayments and accrued income	0.00	0.00	0.00	173,828.08
Total	0.00	0.00	0.00	173,828.08
Receivables from participating interests				
Prepayments and accrued income	17,609.70	38,781.52	17,609.70	38,781.52
Total	17,609.70	38,781.52	17,609.70	38,781.52
Other receivables	33,420.99	43,638.70	33,420.99	42,639.30
Prepayments and accrued income	14,310,074.84	12,959,322.51	14,310,074.84	12,270,594.35
Current receivables in total	**45,961,262.79**	**44,516,165.73**	**45,961,262.79**	**42,847,677.27**
Material items included in the prepayments and accrued income				
Personnel expenses	10,138,892.37	9,692,271.57	10,045,597.37	9,610,495.75
Other	4,171,182.47	3,602,705.52	4,264,477.47	2,995,753.18
Prepayments and accrued income in total	14,310,074.84	13,294,977.09	14,310,074.84	12,606,248.93

Notes on the balance sheet liabilities	2017 Group	2016 Group	2017 Parent company	2016 Parent company
13. Shareholders' equity				
Share capital 1 July	915,260.00	915,260.00	915,260.00	915,260.00
Share capital 30 June	915,260.00	915,260.00	915,260.00	915,260.00
Share premium account 1 July	2,270,353.71	2,270,353.71	2,270,353.71	2,270,353.71
Share premium account 30 June	2,270,353.71	2,270,353.71	2,270,353.71	2,270,353.71
Invested non-restricted equity fund 1 July	5,378,226.00	8,756,226.00	5,378,226.00	8,756,226.00
Transfer/return of capital from invested unrestricted equity fund	-2,500,000.00	-5,610,000.00	-2,500,000.00	-5,610,000.00
Rights issue	1,134,460.00	2,232,000.00	1,134,460.00	2,232,000.00
Invested non-restricted equity fund 30 June	4,012,686.00	5,378,226.00	4,012,686.00	5,378,226.00
Retained earnings 1 July	13,639,001.70	7,951,126.72	12,226,019.54	7,292,155.02
Dividends paid	-11,896,992.00	-2,244,000.00	-11,896,992.00	-2,244,000.00
Acquisition of company's own shares	-1,952,244.00	-2,013,712.00	-1,952,244.00	-2,013,712.00
Transfer from invested unrestricted equity fund	2,500,000.00	0.00	2,500,000.00	0.00
Change due to acquisition of affiliate's own shares	0.00	-62,745.70	0.00	0.00
Retained earnings 30 June	2,289,765.70	3,630,669.02	876,783.54	3,034,443.02
Profit for the financial period	11,724,131.12	10,008,332.68	12,499,924.22	9,191,576.52
	14,013,896.82	13,639,001.70	13,376,707.76	12,226,019.54
Shareholders' equity in total	**21,212,196.53**	**22,202,841.41**	**20,575,007.47**	**20,789,859.25**
Distributable assets			**17,389,393.76**	**17,604,245.54**
14. Accumulated appropriations				
Depreciation difference				
Intangible rights	0.00	0.00	89,734.59	87,530.10
Machinery and equipment	0.00	0.00	520,616.23	499,157.55
Total	0.00	0.00	610,350.82	586,687.65
15. Non-current liabilities				
Other non-current liabilities, pension liability	66,165.00	71,241.00	66,165.00	71,241.00
Total	66,165.00	71,241.00	66,165.00	71,241.00
16. Current liabilities				
Accounts payable	5,403,226.73	4,913,070.59	5,403,226.73	4,863,287.66
Other current liabilities	10,838,837.37	10,452,191.03	10,838,837.37	10,191,967.16
Liabilities to Group companies				
Accounts payable	0.00	0.00	0.00	0.00
Accruals and deferred income	0.00	0.00	0.00	375,155.80
Total	0.00	0.00	0.00	375,155.80
Liabilities to participating interests				
Accruals and deferred income	0.00	12,289.64	0.00	12,289.64
Total	0.00	12,289.64	0.00	12,289.64
Deferred tax liability	122,070.16	117,337.53	0.00	0.00
Accruals and deferred income	19,943,244.62	19,979,270.33	19,943,244.62	19,276,772.13
Current liabilities in total	**36,307,378.88**	**35,474,159.12**	**36,185,308.72**	**34,719,472.39**
Material items included in the prepayments and deferred income				
Personnel expenses	18,825,923.35	17,665,158.37	18,447,428.81	17,168,073.44
Other	1,579,839.92	2,326,401.60	1,495,815.81	2,120,988.33
Accruals and deferred income in total	20,405,763.27	19,991,559.97	19,943,244.62	19,289,061.77

Notes to the 30 June 2017 financial statements

Audit fees	2017 Group	2016 Group	2017 Parent company	2016 Parent company
17.				
Auditing	30,925.00	35,035.00	27,395.00	27,340.00
Certificates and reports	610.00	0.00	610.00	0.00
Audit fees in total	31,535.00	35,035.00	28,005.00	27,340.00

Notes about personnel and members of pwc bodies	2017 Group	2016 Group	2017 Parent company	2016 Parent company
18 a. Average number of personnel	990	916	980	906
18 b. Number of personnel by business area at the end of the financial period				
Auditing and other assurance services	565	523	606	523
Tax consultancy	186	180	145	180
Consulting and Deals	158	152	148	144
Administration and support functions	85	78	85	78
Total	994	933	984	925
18 c. The salaries of the CEO and members of the Board of Directors subject to prepayment tax were:	3,738,758.90	2,357,763.08	3,738,758.90	2,357,763.08

Collaterals and contingent liabilities	2017 Group	2016 Group	2017 Parent company	2016 Parent company
19. Contingent liabilities				
Pledges and contingent liabilities				
Other forms of collateral:				
Pledges as collateral for rent	109,390.78	101,610.78	109,390.78	101,610.78
Other collateral:	570,000.00	570,000.00	570,000.00	570,000.00
Total	679,390.78	671,610.78	679,390.78	671,610.78
Other liabilities				
Leasing liabilities:				
-Payments the following year	1,241,129.48	851,537.36	1,241,129.48	851,537.36
-Payments later	1,382,971.03	824,959.57	1,382,971.03	824,959.57
Total	2,624,100.51	1,676,496.93	2,624,100.51	1,676,496.93
	Agreement terms years 2018–2026	The following financial period		
Leasing liabilities from long-term lease agreements that cannot be terminated	39,616,769.72	4,848,457.34		
Client assets held	19,965.16	12,555.30	19,965.16	12,555.30

Signatures for annual report and financial statements

In Helsinki September 27th 2017

Pekka Loikkanen
Chairman of the Board

Ylva Eriksson

Martti Virolainen

Markku Katajisto

Jaakko Kilpeläinen

Timo Takalo

Mikko Nieminen
CEO

Auditor's note

A report has been given today on the audit performed.

In Helsinki September 27th 2017

Revico Grant Thornton Oy – Audit firm
Joakim Rehn
Authorised Public Accountant

List of accounting journals

Balance sheet book	bound book
General ledger	electronic archive
Journal	electronic archive
Income statement and balance sheet	electronic archive

List of document types and means of storage

Bank documents	electronic archive
Memorandum documents	on paper
Accounts payable	electronic archive
Accounts receivable	electronic archive

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 2016 to 30 June 2017. The financial statements include the balance, income statement and cash flow statement of the group and parent company, as well as additional notes.

In our conclusion, we state that the financial statements present a correct and sufficient picture of the group’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 parent company and group companies 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 statements, the Board of Directors and CEO are obliged to assess the ability of the parent company and the group 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 parent company or group 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 regards 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 parent company or group'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.
- We 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 parent company or group 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 parent company or group 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 obtain a sufficient amount of appropriate evidence of financial information related to the group's companies or operations in order to be able to provide a conclusion on the group's financial position. We are responsible for guiding, supervising, and executing the audit of the group's financial statements. We alone are responsible for the conclusion.

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 includes the information contained in the annual report. Our conclusion concerning the audit does not apply to other information.

It is our obligation to read the information in the annual report in connection with the audit and to assess whether the information in the annual report 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 statements 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 information contained in the annual report, we must report this. We have nothing to report on this matter.

In Helsinki September 27th 2017

Revico Grant Thornton Oy
Audit firm
Joakim Rehn
Authorised Public Accountant

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