

Registered Number: 02319585

PricewaterhouseCoopers Consulting Services UK Limited
Directors' report and financial statements
for the financial year ended 30 June 2020



PricewaterhouseCoopers Consulting Services UK Limited

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PricewaterhouseCoopers Consulting Services UK Limited

Directors' report for the financial year ended 30 June 2020

The directors present their report and the audited financial statements of PricewaterhouseCoopers Consulting Services UK Limited ('the Company') for the financial year ended 30 June 2020.

Principal activities

The Company's principal activity is the provision of research and marketing strategy-related consultancy services to clients.

Business review

The Company made a profit after tax expense for the financial year ended 30 June 2020 of £78,000 (2019: loss of £62,000). The Company's net liability position at 30 June 2020 was £90,000 (2019: £175,000).

In the assessment of going concern, the directors have considered the current and developing impact of the COVID-19 pandemic on the Company and the potential impact to the end of the Brexit transition period on 31 December 2020. The Company has continued to operate effectively, providing ongoing services to clients and maintaining an adequate working capital position.

Additional measures were implemented at the outset of the pandemic, including a tight focus on ensuring the continued ability to deliver ongoing work and win new assignments, and on the associated billing, cash collection and management of the Company's working capital position.

The Company's ultimate parent undertaking, PricewaterhouseCoopers LLP, has indicated its willingness to continue providing support to the Company for a minimum period of 12 months from the date of approval of these financial statements so as to ensure it remains able to meet its obligation as they fall due.

Having regard to the above and the progression of the COVID-19 vaccination programme, the directors have, at the time of approving the financial statements, a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Principal risks and uncertainties

The principal risks and uncertainties that the Company faces relate to the provision of suitable services to its clients and the ability to meet its financial obligations when they fall due. The directors are responsible for maintaining systems of internal control to manage and mitigate these risks. Financial risk management disclosures are given in note 14.

Key performance indicators

The Company's key performance indicators are revenue and profit or loss, as disclosed in the statement of comprehensive income.

Dividends

The directors do not recommend the payment of a final dividend in respect of the financial year ended 30 June 2020 (2019: nil).

Directors

The directors of the Company who held office throughout the financial year and up to the date of signing the financial statements, were as follows:

AJB Cope
WE Hunt
MCE Robinson.

On 30 June 2020, M Amitrano resigned as a director of the Company.

On 1 July 2020, PA Terrington was appointed as a director of the Company.

PricewaterhouseCoopers Consulting Services UK Limited

Directors' report continued

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards ('IFRS'), in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently, subject to any changes disclosed and explained in the financial statements;
- state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors consider that the directors' report and the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's financial position and performance, business model and strategy.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board



P Patterson
Company Secretary
15 March 2021

PricewaterhouseCoopers Consulting Services UK Limited

Independent auditor's report to the members of PricewaterhouseCoopers Consulting Services UK Limited

Opinion

We have audited the financial statements of PricewaterhouseCoopers Consulting Services UK Limited ('the Company') for the financial year ended 30 June 2020, which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies and explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS'), in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs at 30 June 2020 and of its profit and cash flows for the financial year then ended;
- have been properly prepared in accordance with IFRS, in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the directors' report, which is published with the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers Consulting Services UK Limited

Independent auditor's report continued

Matters on which we are required to report by exception

We have no exceptions to report in respect of the following matters which the Companies Act 2006 requires us to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern and for using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters that we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.



Richard Baker
(Senior Statutory Auditor)

For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
15 March 2021

PricewaterhouseCoopers Consulting Services UK Limited

Statement of comprehensive income for the financial year ended 30 June 2020

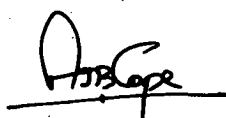
	Note	2020 £'000	2019 £'000
Revenue	2	619	1,267
Expenses and disbursements on client assignments		(160)	(300)
Net revenue		459	967
Other operating charges	4	(367)	(1,047)
Operating profit (loss)		92	(80)
Finance income	5	–	6
Finance expense	5	(4)	–
Profit (loss) before tax (expense) credit		88	(74)
Tax (expense) credit	6	(10)	12
Profit (loss) and total comprehensive income (expense) for the financial year		78	(62)

PricewaterhouseCoopers Consulting Services UK Limited

Statement of financial position at 30 June 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Deferred tax assets	6	6	23
Current assets			
Trade and other receivables	8	315	497
Cash and cash equivalents	9	29	69
Corporation tax		-	34
Total assets		344	600
Total assets		350	623
Current liabilities			
Trade and other payables	10	(98)	(284)
Lease liabilities	7	(101)	-
Provisions	11	(74)	(147)
		(273)	(431)
Non-current liabilities			
Lease liabilities	7	(67)	-
Provisions	11	(100)	(367)
		(167)	(367)
Total liabilities		(440)	(798)
Net liabilities		(90)	(175)
Equity			
Share capital	13	1	1
Share premium	13	28	28
Accumulated losses		(119)	(204)
Total equity		(90)	(175)

The financial statements on pages 5 to 22 were approved and authorised for issue by the Board of Directors on 15 March 2021 and were signed on its behalf by:



AJB Cope
Director

PricewaterhouseCoopers Consulting Services UK Limited

Registered Number: 02319585

PricewaterhouseCoopers Consulting Services UK Limited

Statement of changes in equity for the financial year ended 30 June 2020

	Share capital £'000	Share premium £'000	Accumulated losses £'000	Total equity £'000
Balance at beginning of prior financial year	1	28	(142)	(113)
Loss for financial year	–	–	(62)	(62)
Balance at end of prior financial year	1	28	(204)	(175)
Remeasurement on adoption of IFRS 16 'Leases' on 1 July 2019	–	–	7	7
Profit for financial year	–	–	78	78
Balance at end of financial year	1	28	(119)	(90)

PricewaterhouseCoopers Consulting Services UK Limited

Statement of cash flows for the financial year ended 30 June 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Profit (loss) after taxation		78	(62)
Tax expense (credit)		10	(12)
Adjustments for:			
Finance income		-	(6)
Finance expense		4	-
Changes in working capital:			
Decrease in trade and other receivables		182	-
Decrease in trade and other payables		(187)	(660)
(Decrease) increase in provisions		(67)	268
Adjustments for non-cash items:			
Corporation tax refund received by other group undertaking		27	27
Corporation tax receivable surrendered for group relief		15	-
Interest capitalised on loan to other group undertaking		-	4
Net cash inflow (outflow) from operating activities		62	(441)
Cash flows from investing activities			
Interest received		-	2
Loan repayments received from other group undertaking		-	406
Net cash inflow from investing activities		-	408
Cash flows from financing activities			
Lease liabilities:			
Finance charges		(4)	-
Principal repayments		(98)	-
Net cash outflow from financing activities		(102)	-
Net decrease in cash and cash equivalents in the financial year		(40)	(33)
Cash and cash equivalents at beginning of the financial year		69	102
Cash and cash equivalents at end of the financial year	9	29	69

PricewaterhouseCoopers Consulting Services UK Limited

Notes to the financial statements for the financial year ended 30 June 2020

1 Accounting policies

Basis of preparation

The financial statements of PricewaterhouseCoopers Consulting Services UK Limited ('the Company') have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRS Interpretations Committee ('IFRIC') interpretations, in conformity with the requirements of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial periods presented, with the exception of the policies affected by new standards and interpretations adopted during the financial year, set out below, which have not had a material impact on the financial statements.

In the assessment of going concern, the directors have considered the current and developing impact of the COVID-19 pandemic on the Company and the end of the Brexit transition period on 31 December 2020. The Company has continued to operate effectively, providing ongoing services to clients and with the Company's working capital position remaining adequate.

The Company's ultimate parent undertaking, PricewaterhouseCoopers LLP, has indicated its willingness to continue providing support to the Company for a minimum period of 12 months from the date of approval of these financial statements so as to ensure it remains able to meet its obligations as they fall due.

Having regard to the above and the progression of the COVID-19 vaccination programme, the directors have at the time of approving the financial statements a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, the going concern basis has been adopted in preparing the financial statements.

New standards and interpretations adopted in the financial year

IFRS 16 'Leases'

On 1 July 2019, the Company adopted IFRS 16 'Leases' which replaced IAS 17 'Leases'. The new standard addresses the definition, recognition and measurement of leases. The key change arising from IFRS 16 is that most operating leases are now accounted for as a right-of-use asset and a lease liability based on discounted future lease payments. The asset is depreciated over its useful economic life, while lease payments are apportioned between a repayment of the lease liability and a finance charge.

Under the modified retrospective transition approach, IFRS 16 permits a choice on initial adoption, on a lease-by-lease basis, to measure the right-of-use asset at either the carrying amount had IFRS 16 been adopted since the commencement of the lease or at an amount equal to the lease liability adjusted for accrued and prepaid amounts. The Company has elected the latter approach, with the reclassifications and adjustments arising from the new leasing rules recognised in the opening statement of financial position on transition on 1 July 2019. An adjustment of £7,000 was recognised as an increase to opening reserves on adoption of the standard on 1 July 2019. Refer to note 4 for the impact on the statement of comprehensive income of the adoption of IFRS 16 in the current financial year, compared to the prior financial year.

The Company has applied the practical expedient set out in IFRS 16 in respect of the first-time adoption of the standard, to exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application.

For contracts entered into before 1 July 2019, the Company has relied on its assessment made in applying IAS 17 and Interpretation 4 'Determining whether an Arrangement contains a Lease', rather than assessing whether a contract is, or contains, a lease at the date of initial application.

PricewaterhouseCoopers Consulting Services UK Limited

Notes to the financial statements continued

1 Accounting policies continued

New standards and interpretations adopted in the financial year continued

IFRS 16 'Leases' continued

The following table provides a reconciliation of the Company's commitments under non-cancellable operating leases to the opening lease liability recognised under IFRS 16.

	£'000
Operating lease commitments at 30 June 2019 (note 15)	273
Effect of discounting	(7)
Lease liabilities recognised on adoption of IFRS 16 (note 7)	266

A reconciliation of the opening lease liabilities to the opening right-of-use assets is as follows:

	£'000
Lease liabilities recognised on adoption of IFRS 16 on 1 July 2019	266
Transfers from onerous lease provisions (note 11)	(273)
Remeasurements recognised as an adjustment to opening reserves	7
Right-of-use assets recognised on adoption of IFRS 16 on 1 July 2019 (note 7)	—

Contracts not in scope of IFRS 16 are those leases as defined under IAS 17 that do not meet the definition of a lease under IFRS 16, principally because the supplier is considered to have substantive substitution rights over the associated asset, the lease term is less than 12 months or the lease relates to low-value assets.

The previously disclosed lease commitments prior to 1 July 2019 were undiscounted, whilst the IFRS 16 obligations have been discounted based on the Company's incremental borrowing rate. The weighted average incremental borrowing rate applied to lease liabilities on 1 July 2019 was 2.13%.

Under IAS 17, operating lease commitments included only non-cancellable periods in the lease agreements. Under IFRS 16, the lease term includes periods covered by options to extend the lease where it is reasonably certain that such options will be exercised.

On 1 July 2019, there were no finance leases in the Company. Details of right-of-use assets recognised in the financial year ended 30 June 2020 are disclosed in note 7.

Other standards and interpretations

During the financial year ended 30 June 2020, the Group also adopted Amendments to IFRS 9 'Financial instruments', 'Annual improvements to IFRSs 2015-2017 cycle', Amendments to IAS 19 'Employee Benefits - Plan Amendment, Curtailment or Settlement', Amendments to IAS 28 'Investments in associates' and IFRIC 23 'Uncertainty over income tax treatments'. These changes have not had a material impact on the financial statements.

PricewaterhouseCoopers Consulting Services UK Limited

Notes to the financial statements continued

1 Accounting policies continued

New standards and interpretations not yet adopted

There are a number of IFRS standards, amendments and IFRIC interpretations that have been issued by the International Accounting Standards Board ('IASB') that will require future adoption and are not expected to have an impact on the Company:

- Amendments to IFRS 3 'Business combinations', IFRS 9, IAS 39 and IFRS 7 'Interest Rate Benchmark Reform', IAS 1 and IAS 8 'Definition of material', IFRS 16 'Leases for COVID-19-Related Rent Concessions' and References to the Conceptual Framework in IFRS Standards will become effective for the accounting period to 30 June 2021.
- Amendments to IFRS 4 and IFRS 17 'Insurance Contracts' will become effective for the accounting period to 30 June 2022, subject to endorsement.
- Amendments to IFRS 9, IAS 39 and IFRS 7 'Interest Rate Benchmark Reform – Phase 2' will become effective for the accounting period to 30 June 2022, subject to endorsement.
- Amendments to IFRS 3 'Business Combinations', IAS 16 'Property, Plant and Equipment', IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current' and 'Annual improvements to IFRSs 2018-2020 cycle' will become effective for the accounting period to 30 June 2023, subject to endorsement.
- IFRS 17 'Insurance Contracts' will become effective for the accounting period to 30 June 2024, subject to endorsement.

Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent assets and liabilities.

The estimates and judgements are continually evaluated and are based on historical experience and other factors, including market data and expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates, and adjustments could be required in future periods. Where appropriate, present values are calculated using discount rates reflecting the currency and maturity of the items being valued.

Set out below is a summary of the critical accounting estimates that could have a significant effect on the Company's financial results:

- Impairment of right-of-use assets (note 7) and the valuation of property provisions (note 11) – estimating the present value of the residual property-related commitments up to the end of the lease and after allowing for existing or expected sublet rental income, with the key assumption being the level of future cash flow.

Set out below is a summary of the key judgements in applying the Company's accounting policies that could have a significant effect on the Company's financial results:

- Revenue recognition (note 2) – assessing the revenue recognition basis for complex client engagements, potentially involving multiple performance obligations and fee types, including identifying the distinct performance obligations in the contract, how the transaction price should be allocated and revenue recognised for each.
- Valuation of receivables (note 8) – assessing the recoverability of receivables.

Further details of significant estimates and judgements are set out in the relevant accounting policies and notes to the financial statements.

Contingent liabilities

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is considered less than probable or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements, but are disclosed unless they are remote.

PricewaterhouseCoopers Consulting Services UK Limited

Notes to the financial statements continued

1 Accounting policies continued

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated using the rates of exchange at the reporting date and the gains and losses on translation are included in the statement of comprehensive income.

Leases

Accounting policies applied from 1 July 2019

Leases are recognised as right-of-use assets and corresponding lease liabilities at the date at which the leased assets are available for use by the Company.

Lease liabilities are initially measured at an amount equal to the present value of the expected future lease payments for the underlying right-of-use assets during the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Company's relevant incremental borrowing rate. The lease term is a non-cancellable period of the lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

Each lease payment is allocated between a repayment of the liability and a finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of the liability is remeasured to reflect reassessments and lease modifications.

Right-of-use assets are measured initially at cost comprising:

- the amount of the initial measurement of the lease liability;
- any lease payments less lease incentives at or before the lease commencement date;
- any initial direct costs; and
- restoration costs.

Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for remeasurements of the lease liability due to reassessments or lease modifications. The right-of-use assets are depreciated over the lease term on a straight-line basis.

Payments associated with all short-term leases and certain leases of low-value assets are recognised on a straight-line basis as an operating expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office-related and technology equipment.

Accounting policies applied until 30 June 2019

All leases in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases and the related rental expenses were charged to the income statement on a straight-line basis over the period of the lease, with any lease incentives also being recognised on a straight-line basis over the lease term as a reduction of rental expense.

For details of the adoption of the new accounting standard IFRS 16 'Leases' on 1 July 2019, refer to the 'New standards and interpretations adopted during the financial year' disclosure on pages 9 and 10.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Non-current provisions are measured at their present value. The discount rates used are based on risk-free rates.

Provisions are recognised for obligations under property-related contracts that are onerous ('onerous provision') and to restore premises to their original condition upon vacating them, where such an obligation exists under the lease ('dilapidations provision'). The provisions are based on estimated future cash flows that have been discounted to present value, with the unwinding of that discount presented in the statement of comprehensive income as a finance expense.

PricewaterhouseCoopers Consulting Services UK Limited

Notes to the financial statements continued

1 Accounting policies continued

Revenue

Revenue is measured as the fair value of consideration received or receivable for satisfying performance obligations contained in contracts with clients, including expenses and disbursements but excluding discounts and Value Added Tax. Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal will not be required when the uncertainties determining the level of variable consideration are subsequently resolved. Revenue is recognised when, or as, the Company satisfies performance obligations by transferring control of services to clients. This occurs as follows for the Company's various contract types:

- Time-and-materials contracts are recognised over time as services are provided at the fee rate agreed with the client where there is an enforceable right to payment for performance completed to date.
- Fixed-fee contracts are recognised over time based on the actual services provided to the end of the reporting period as a proportion of the total services to be provided where there is an enforceable right to payment for performance completed to date. This is determined based on the actual inputs of time and expenses relative to total expected inputs.
- Performance-fee contracts are recognised when the right to consideration arises on having met the relevant performance-related elements.
- Contingent-fee contracts, over and above any agreed minimum fee, are recognised when the contingent event occurs and the Company has become entitled to the revenue.
- Licence-fee contracts that provide a right to use the Company's intellectual property ('IP'), as it exists at the date the licence is granted, are recognised when the licence agreement is entered into and the licensee is able to use and benefit from the licence. Licence-fee contracts that provide a right of access to the Company's IP, as it exists throughout the licence period, are recognised over time to reflect the pattern in which the benefits of access transfer to the client over the licence period.

Where contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on its stand-alone selling price. Where these are not directly observable, they are estimated based on expected cost plus margin. Adjustments are made to allocate discounts proportionately relative to the stand-alone selling price of each performance obligation.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the statement of comprehensive income in the period in which the circumstances that give rise to the revision become known.

For time-and-materials, fixed-fee and licence-fee contracts, fees are usually billed on account based on a payment schedule. For performance-fee and contingent-fee contracts, fees are usually billed and paid when entitlement to the revenue has been established. If the revenue recognised by the Company exceeds the amounts billed, a contract asset is recognised. If the amounts billed exceed the revenue recognised, a contract liability is recognised. Contract assets are reclassified as trade receivables when billed and the consideration has become unconditional because only the passage of time is required before payment is due. The Company's standard payment terms require settlement of invoices within 14 days of receipt.

The Company does not adjust the transaction prices for the time value of money as it does not have any contracts where the period between the transfer of the promised services to the client and the payment by the client exceeds one year.

Financial instruments

Financial instruments are initially measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the statement of cash flows, cash and cash equivalents are carried at amortised cost and include cash at bank and in hand with original maturities of three months or less.

Trade and other receivables and contract assets are carried at amortised cost less provisions for lifetime estimated credit losses and impairments. Estimated future credit losses are first recorded on the initial recognition of a receivable and are based on the ageing of the receivable balance, historical credit loss experience and forward-looking considerations. Individual trade receivables and contract assets are written off when management deem them not to be collectible. Contract assets are reclassified as trade receivables when billed and the consideration has become unconditional because only the passage of time is required before payment is due.

Trade and other payables are measured at amortised cost.

PricewaterhouseCoopers Consulting Services UK Limited

Notes to the financial statements continued

1 Accounting policies continued

Tax expense

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is measured at the tax rates that are enacted or substantively enacted at the reporting date and expected to apply in the periods in which the temporary differences reverse. Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit is probable.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset related current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred taxes are recognised in the income statement, except where they relate to items that are recognised in other comprehensive income, in which case they are recognised in other comprehensive income.

Share capital

Ordinary shares are classified as equity.

2 Revenue

Disaggregation of revenue

The Company derives revenue from the provision of professional services across the following industry segments:

	2020 £'000	2019 £'000
Technology, information, communications and entertainment	297	189
Government and public sector	139	537
Financial services	91	184
Industrial manufacturing and services	61	283
Consumer markets	27	4
Energy, utilities and resources	4	70
	619	1,267

Assets and liabilities related to contracts with customers

Details of the Company's trade receivables and contract assets are disclosed in note 8 and contract liabilities in note 10.

Unsatisfied long-term contracts

At 30 June 2020 and 30 June 2019, the Company had no fixed-price, long-term contracts with customers in place. All of the Company's partially or fully unsatisfied contracts with customers at that date were for periods of one year or less, or had a right to consideration directly aligned to the performance completed to date.

Where the contract is for a period of one year or less or where the right to consideration is directly aligned to performance completed to date, the Company has applied the practical expedient set out in IFRS 15 in respect of the presentation of the transaction price allocated to partially or fully unsatisfied contracts with customers.

PricewaterhouseCoopers Consulting Services UK Limited

Notes to the financial statements continued

3 Staff costs

There were no employees in the Company during the financial year (2019: nil).

During the current and prior financial years, no directors were employees of the Company and no directors received any emoluments for services to the Company.

4 Operating charges

Other operating charges

Other operating charges for the current and prior financial years include service charges from group undertakings and occupancy costs, including property service charges and lease-related expenditure.

As detailed in note 1, the Company's property leases were accounted for under IAS 17 until 30 June 2019. Up until this date, all operating lease charges were included in other operating charges under the Company's previous accounting policy.

On 1 July 2019, the Company adopted the new accounting standard IFRS 16 'Leases'. This has resulted in the recognition of right-of-use assets, which are depreciated, and lease liabilities, which incur finance costs (see note 5 and 7).

	2020 £'000	2019 £'000
Operating lease charges in accordance with IAS 17:		
Land and buildings	—	102

Auditor's remuneration

Auditor's remuneration payable to Crowe U.K. LLP in respect of audit fees for the financial years ended 30 June 2020 and 30 June 2019 was borne by the parent undertaking. There were no fees payable for other services during the financial year (2019: nil).

5 Finance income and expense

	2020 £'000	2019 £'000
Finance income		
Interest receivable from other group undertaking	—	6
Finance expense		
Finance charges on lease liabilities (note 7)	(4)	—

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Notes to the financial statements continued

6 Tax expense (credit)

Tax expense (credit) comprises:

	2020 £'000	2019 £'000
Current tax comprising UK corporation tax (credit) expense at 19% (2019: 19%) based on taxable profits (losses) for the financial year	(7)	3
Deferred tax charge (credit)	17	(15)
	10	(12)

The following table reconciles the tax expense (credit) at the standard rate to the actual tax expense (credit):

	2020 £'000	2019 £'000
Profit (loss) before tax expense (credit)	88	(74)
Tax expense (credit) at UK standard rate of 19% (2019: 19%)	17	(14)
Adjustments in respect of prior financial years	(7)	2
	10	(12)

The Company is part of a Group Payment Arrangement entered into by another group undertaking, PricewaterhouseCoopers Services Limited ('PwC Services'), with HM Revenue and Customs. PwC Services makes corporation tax payments on behalf of the Company under this arrangement and recharges the amounts to the Company.

Deferred tax

Deferred tax has been measured at the tax rates that are enacted or substantively enacted at the reporting date and expected to apply in the periods in which the temporary differences reverse. Deferred tax in the current financial year is calculated using a rate of 19% (2019: 19% for the period to 31 March 2020 and 17% thereafter). At 30 June 2019, the balance comprised tax losses and temporary differences between capital allowances and depreciation. During the current financial year, all tax losses brought forward were utilised by the Company and the balance at 30 June 2020 is in respect of temporary differences between capital allowances and depreciation only.

The movement in the Company's deferred tax asset balance during the financial year was as follows:

	2020 £'000	2019 £'000
Balance at beginning of financial year	23	8
(Charged) credited to the statement of comprehensive income	(17)	15
Balance at end of financial year	6	23

In the Finance Bill 2021 published on 11 March 2021, the Chancellor of the Exchequer introduced provisions to set the main rate for corporation tax at 25% for the financial year beginning 1 April 2023. If this rate had been enacted at the reporting date, the deferred tax asset would have been £7,000.

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Notes to the financial statements continued

7 Leases

Movements in lease liabilities during the financial year ended 30 June 2020 were as follows:

	Total £'000
Balance at beginning of financial year	–
Recognised on adoption of IFRS 16 on 1 July 2019 (note 1)	266
Finance charges	4
Payments	(102)
Balance at end of financial year	168

Disclosed as:

	2020 £'000	2019 £'000
Current	101	–
Non-current	67	–
	168	–

The maturity profile at 30 June 2020 of the undiscounted cash flows required to settle the lease liabilities is as follows:

	Total £'000
Within one financial year	102
One to two financial years	69
	171

During the financial year ended 30 June 2020, total cash outflows in respect of leases was £102,000.

Details of the Company's total commitments made under non-cancellable operating leases in the prior financial year to 30 June 2019 are provided in note 15. A reconciliation of these total commitments to the lease liability recognised on 1 July 2019 is provided in note 1.

Movements in the right-of-use assets were as follows:

	£'000
Cost	
At beginning of financial year	–
Recognised on adoption of IFRS 16 on 1 July 2019 (note 1)	266
At end of financial year	266
Accumulated depreciation/impairment	
At beginning of financial year	–
Recognised on adoption of IFRS 16 on 1 July 2019 (note 1)	(266)
At end of financial year	(266)
Net book amount at beginning and end of prior financial year	–
Net book amount at end of financial year	–

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Notes to the financial statements continued

8 Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	16	106
Contract assets	3	73
Trade receivables and contract assets	19	179
Amounts due from ultimate parent undertaking	189	311
Amounts due from other group undertakings	107	–
Other receivables, including other taxes	–	7
	315	497

The expected loss rates for trade receivables and contract assets are based on the payment profile and the shared credit risk characteristics arising in the different industries in which the Company operates. The Company has incorporated forward-looking information based on the clients' industries and financial position, including the assessment of any perceived impact of COVID-19. Based on the Company's assessment, no expected credit loss allowance has been recognised in the financial year ended 30 June 2020 (2019: nil).

Movements in the impairment provisions on trade receivables were as follows:

	2020 £'000	2019 £'000
Balance at beginning of financial year	–	(24)
Released unused during the financial year	–	24
Balance at end of financial year	–	–

Amounts due from the ultimate parent and other group undertakings are considered to have a low credit risk and the loss allowance is therefore limited to the 12 month expected credit loss. The Company has assessed the expected credit loss on these assets and no loss allowance has been recognised in the financial year ended 30 June 2020 (2019: nil).

During the financial year, there has been no impairment charge recognised on any other receivable assets (2019: nil).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security. Further details on credit risk are disclosed in note 14.

9 Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	29	69

Fair values of cash and cash equivalents approximate to carrying value owing to the short maturity of these instruments.

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Notes to the financial statements continued

10 Trade and other payables

	2020 £'000	2019 £'000
Trade payables	4	45
Amounts due to other group undertaking	–	201
Social security and other taxes	15	–
Contract liabilities	79	38
	98	284

During the financial year ended 30 June 2020, all of the Company's £38,000 recorded contracted liabilities at 30 June 2019 were recognised as revenue. During the prior financial year ended 30 June 2019, all of the Company's £124,000 recorded contract liabilities at 30 June 2018 were recognised as revenue.

Due to the short maturity of trade and other payables, the carrying value is consistent with fair value in the current and prior financial year.

11 Provisions

	Property £'000
Balance at beginning of prior financial year	246
Statement of comprehensive income:	
Charge for the financial year	442
Utilised during the financial year	(174)
Balance at end of prior financial year	514
Transfers on adoption of IFRS 16 on 1 July 2019 (note 1)	(273)
Utilised during the financial year	(67)
Balance at end of financial year	174

Disclosed as:

	2020 £'000	2019 £'000
Current	74	147
Non-current	100	367
	174	514

The provisions, which primarily comprise onerous provisions on property-related contracts, are based on estimated future cash flows that have been discounted to present value at an average rate of 1.5% (2019: 2.1%) and are expected to unwind over 2 years (2019: 3 years).

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Notes to the financial statements continued

12 Liabilities arising from financing activities

The Company's liabilities arising from financing activities were as follows:

	2020 £'000	2019 £'000
Lease liabilities (note 7)	168	–

The following table illustrates the movements in liabilities arising from financing activities, including both changes arising from cash and non-cash flows:

	2020 £'000	2019 £'000
Non-cash flows from financing activities		
Recognition of lease liabilities on adoption of IFRS 16 (note 1)	266	–
Finance charges on lease liabilities (note 5)	4	–
	270	–
Cash flows from financing activities		
Lease liabilities:		
Finance charges (note 5)	(4)	–
Principal payments (note 7)	(98)	–
	(102)	–
Net increase in liabilities arising from financing activities	168	–
Liabilities arising from financing activities at beginning of financial year	–	–
Liabilities arising from financing activities at end of financial year	168	–

13 Share capital

	Number of ordinary shares of £1 each	Share capital £'000	Share premium £'000
Balance at beginning and end of the financial year	1,250	1	28

The whole of the Company's share capital is held by PwC Holdings (UK) Limited.

PricewaterhouseCoopers Consulting Services UK Limited

Notes to the financial statements continued

14 Financial instruments

Financial risk management

The Company holds or issues financial instruments in order to finance its activities. The principal financial instruments held or issued by the Company are:

- Trade and other receivables (note 8) – comprises trade receivables and amounts due from the ultimate parent and other group undertakings in respect of the cash management of the Company.
- Cash and cash equivalents (note 9) – the Company manages its cash resources in order to meet its daily working capital requirements. Cash and any outstanding debt are kept to a minimum and liquid fund deposits are maximised.
- Trade and other payables (note 10) – comprises amounts due to suppliers and other group undertakings in respect of transactions.

The Executive Board of PricewaterhouseCoopers LLP, the Company's ultimate parent undertaking, determines the treasury policies of the group, which include those of the Company. These policies, designed to manage risk, relate to specific risk areas that management wish to control, including liquidity, credit, interest rate and foreign currency exposures.

Financial assets and liabilities by category

	2020 Amortised cost £'000	2019 Amortised cost £'000
Assets		
Trade and other receivables	312	417
Cash and cash equivalents	29	69
Liabilities		
Trade and other payables	(4)	(246)

The fair values of all financial assets and liabilities approximate their carrying values in the current and prior financial years.

Credit risk

Cash deposits with banks and other financial institutions give rise to counterparty risk. The Company manages this risk by reviewing the counterparty's credit rating regularly and limiting the aggregate amount and duration of exposure to any one counterparty, taking into account criteria such as credit rating.

The Company's other significant credit risk relates to receivables from clients. Exposure to this risk is monitored on a routine basis and credit evaluations are performed on clients as appropriate. The Company's exposure is influenced mainly by the individual characteristics of each client. Risk is managed by maintaining close contact with each client and by routine billing and cash collection for work performed.

Interest rate profile of financial assets and liabilities

All of the financial assets and liabilities above are non-interest earning instruments. There was no material exposure of financial assets and liabilities to interest rate movements at 30 June 2020 (2019: nil).

Currency profile of financial assets and liabilities

All of the financial assets and liabilities above are denominated in sterling and the major part of the Company's income and expenditure is in sterling. There was no material exposure of financial assets and liabilities to foreign exchange movements at 30 June 2020 (2019: nil).

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Notes to the financial statements continued

15 Commitments under operating leases

As disclosed in note 1, the Company adopted IFRS 16 'Leases' on 1 July 2019 and has since recognised lease liabilities on the statement of financial position based on discounted future lease payments. A reconciliation of operating lease commitments at 30 June 2019, as shown below, to the lease liabilities recognised on adoption of IFRS 16 is presented in note 1. A maturity analysis of the leases in the lease liabilities at 30 June 2020 is presented in note 7.

The Company's total commitments under non-cancellable operating leases, together with the obligations by maturity, were as follows at 30 June 2019:

	2019 Land and buildings £'000
Within one financial year	102
Within two to five financial years	171
	273

16 Related party transactions

The Company's ultimate parent and other group undertakings perform the cash management of the Company.

The following transactions were carried out with related parties:

	2020 £'000	2019 £'000
Purchase of services		
Ultimate parent undertaking	(2)	(28)
Other group undertaking	(365)	(675)
Finance income		
Interest receivable from other group undertaking	—	6

The Company's balances at 30 June with related parties were as follows:

	2020 £'000	2019 £'000
Amounts due from ultimate parent undertaking	189	311
Amounts due from other group undertakings	107	—
Amounts due to other group undertaking	—	(201)

Key management personnel

The directors represent key management personnel for the purposes of these financial statements. They received no fees or salaries from the Company during the financial year (2019: nil).

17 Ultimate parent undertaking

The Company is incorporated in England and Wales.

The Company's immediate parent undertaking is PwC Holdings (UK) Limited.

The Company's ultimate parent undertaking and controlling party is PricewaterhouseCoopers LLP, which is the parent undertaking of the smallest and largest group that consolidates these financial statements.

The registered office of the Company and of PricewaterhouseCoopers LLP is 1 Embankment Place, London, WC2N 6RH.