

Registration number: 04757301

Accenture (UK) Limited

Annual Report and Financial Statements

for the year ended 31 August 2020



Accenture (UK) Limited

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Accenture (UK) Limited
Directors and other information

Directors

O Benzecry
D Burton
E Mackay
P Rowe
C Mottershead

Company secretary

P Rowe

Registered office

30 Fenchurch Street
London
EC3M 3BD

Bankers

Bank of America N.A.
2 King Edward Street
London
EC1A 1HQ

Bank of America N.A.
2 Park Place
Hatch Street
Dublin 2
Ireland

Barclays Bank PLC
One Churchill Place
London
E14 5HP

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Registered number

04757301

Accenture (UK) Limited

Strategic Report for the year ended 31 August 2020

The Directors present their Strategic Report of Accenture (UK) Limited for the year ended 31 August 2020.

Principal activities

Accenture (UK) Limited (the “Company”, “Accenture”, “we”, “our” and “us”) is a wholly owned subsidiary of the Accenture Group, which is headed by Accenture plc. The Company provides management consulting, technology and outsourcing services to clients in the United Kingdom and utilises the Accenture Group capabilities in the delivery of these services.

Financial review

Turnover for the year ended 31 August 2020 amounted to £2,503,943,000 (2019: £2,682,556,000) and the profit for the financial year after taxation amounted to £90,368,000 (2019: £175,738,000). Net assets at 31 August 2020 amounted to £1,723,003,000 (2019: £1,651,305,000).

No dividend was paid during the year. In the prior year, the Directors declared and settled a dividend of £150,000,000 which was paid to the Company’s immediate parent, Accenture International BV.

As part of their review of the business, the Directors have used key performance indicators to analyse the results for the year.

	2020	2019
Gross profit margin	19 %	22 %
Operating profit margin	5 %	8 %

The Company experienced reduced demand during the second half of fiscal 2020 as some clients reprioritised and delayed certain work as a result of the disruption and uncertainty caused by the Covid-19 pandemic. This disruption and uncertainty continues to have an impact on the Company’s business, operations and financial results.

For the financial year ended 31 August 2020, the Company’s revenues declined by 7% with a significant decline in the second half of the fiscal year as a direct result of the pandemic.

In July 2020, the Company announced a redundancy programme to address an overcapacity in its employee cost base that existed before the pandemic and made worse by reduced natural attrition from the crisis.

Research and innovation

The Company has access to and benefits from the extensive programme of research and innovation that are undertaken by affiliated companies within the Accenture Group. Research and innovation activities are disclosed in the Accenture plc Annual Report (<https://www.accenture.com/us-en/company-annual-report>).

Financial instruments

Due to the nature of its business, the Company is exposed to the effects of fluctuations in foreign currency exchange rates. In order to manage this exposure, the Company has entered into forward currency contract hedging arrangements. Further details are set out in note 18 to these financial statements.

Accenture (UK) Limited

Strategic Report for the year ended 31 August 2020 (continued)

Acquisitions

In 2020, the Company made the following acquisitions:

Acquired trade and assets (business transfer):

- On 31 October 2019, the Company acquired the trade and certain assets and liabilities of ?What if! Limited for consideration of £28,131,180. The principal activity of ?What if! Limited is to advise clients in innovating its businesses, products and services.
- On 1 February 2020, the Company acquired the trade and certain assets and liabilities of Parker Fitzgerald Limited for consideration of £32,201,012. The principal activity of Parker Fitzgerald Limited is to offer advisory in risk management, assurance, digital strategy and solution services.
- On 31 March 2020, the Company acquired the trade and certain assets and liabilities of Pragsis Bidoop UK Limited for consideration of £1.
- On 1 April 2020, the Company acquired the trade and certain assets and liabilities of Happen Ltd. for consideration of £6,060,536. The principal activity of Happen Ltd. is to provide innovative agent services.
- On 30 April 2020, the Company acquired certain assets and liabilities of Computer Associates UK limited for consideration of £560,252.
- On 1 May 2020, the Company acquired the trade and certain assets and liabilities of Bow & Arrow Limited for consideration of £14,348,554. The principal activity of Bow & Arrow Limited is to provide consultancy and design services for its clients.
- On 1 August 2020, the Company acquired the trade and certain assets and liabilities of Yesler Limited for consideration of £352,110.

Acquired investments:

- On 17 October 2019, the Company acquired 100% of the issued share capital of Happen GP Limited for consideration of £9,699,986. The principal activity of Happen Ltd. is to provide innovative agent services.
- On 30 October 2019, the Company acquired 100% of the issued share capital of Bow & Arrow Limited for consideration of £14,214,673. The principal activity of Bow & Arrow Limited is to provide consultancy and design services for its clients.
- On 28 February 2020, the Company acquired 100% of the issued share capital of Mudano Limited for consideration of £36,609,119. The principal activity of Mudano Limited is to provide premium data consulting services, fintech data solutions and project management platform.
- On 5 March 2020, the Company acquired 100% of the issued share capital of Context Information Security Limited for consideration of £99,098,736. The principal activity of Context Information Security Limited is to provide integrated cyber technical services.
- On 1 May 2020, the Company acquired 100% of the issued share capital of Callisto Integration Europe Ltd. for consideration of CA\$409,010 (£232,630). The principal activity of Callisto Integration Europe Ltd. is to provide services of design, development and implementation of advanced system for the industry.
- On 1 July 2020, the Company acquired 100% of the issued share capital of Yesler Limited for consideration of \$440,000 (£355,511). The principal activity of Yesler Limited is to provide advertising and marketing services.
- On 13 August 2020, the Company acquired 100% of the issued share capital of Zebra Worldwide Group Limited for consideration of \$24,783,000 (£19,032,353). The principal activity of Zebra Worldwide Group Limited is the provision of strategic, creative, production, post-production and localisation services to advertisers of industry.

Accenture (UK) Limited

Strategic Report for the year ended 31 August 2020 (continued)

Section 172 Statement - Companies Act 2006

The Board of Directors has constituted an Executive Committee that has oversight of the day to day management of the Company, a significant number of the Board are also members of the Executive Committee. The Executive Committee comprises the most senior levels of leadership within the Company. This leadership team represents the interests of all of the Company's key stakeholders. They are regularly updated on stakeholder feedback and consider the long-term consequences and impact that decisions may have on these stakeholders.

Our culture is founded on operating business ethically, legally and with integrity. Our actions are governed by our core values and Code of Business Ethics (COBE). More details on our culture and business ethics can be found in the Corporate Governance Statement as Principle 1 on page 10.

The Company is a wholly owned subsidiary of the Accenture Group headed by Accenture plc. The Company supports the Accenture Group strategy and the Board oversees the Company's alignment with the goals of the group (www.accenture.com/_acnmedia/PDF-138/Accenture-Fiscal-2020-Annual-Report.pdf#zoom=50).

Stakeholder engagement

We recognise that building a sustainable business and achieving our long-term purpose of '*delivering the promise of technology and human ingenuity*' requires extensive engagement with a broad set of stakeholders. The methods we use to engage with our stakeholders have been developed over a long period of time and continue to evolve.

Below is a non-exhaustive summary of the nature of engagements with the Company's stakeholders. The Company's senior leadership are ultimately responsible for the engagement with these stakeholders and ensuring that feedback from such engagement is built upon.

Stakeholders	Engagement
Clients	<p>We believe in delivering '360-degree value' to our clients.</p> <p>We define 360-degree value as:</p> <ul style="list-style-type: none">• Delivering the financial business case and unique value a client may be seeking.• Striving where possible to partner with our clients to achieve greater progress on inclusion and diversity with our diverse teams.• Helping our clients achieve their sustainability goals.• Creating meaningful experiences both for the Company and for our customers. <p>Investing in long-lasting, strong and deep relationships is key to the Accenture Group and hence to the Company's success. In FY20 ninety-seven of the Accenture Group's one hundred largest global clients had been clients for over ten years or more.</p> <p>Our senior leaders are expected to sponsor specific client relationships and we have dedicated client account leadership to ensure the voice of the client is heard in all our interactions. Client engagement is embedded in how we deliver our services. We have rigorous quality assurance processes in place to ensure we understand and respond to performance feedback from our clients.</p>

Accenture (UK) Limited
Strategic Report for the year ended 31 August 2020 (continued)

Section 172 Statement - Companies Act 2006 (continued)

Stakeholders	Engagement
Our people	<p>We believe in providing our people with continuous growth opportunities and creating a truly inclusive workplace, rich in diversity, with equal opportunity for all.</p> <p>Growth of our employees is through work experience and significant and focused technical, functional, industry, managerial and leadership skill development and training, appropriate for the individual's role and level. Through what we call 'Performance Achievement', we create a constant review of an individual's potential and performance on which talent and reward decisions are based. Individuals can benefit from their own performance as well as share in the success of Accenture based on merit.</p> <p>We are committed to diversity and set targets where representation needs to improve. We have a focus on gender parity and in December, we promoted a record percentage of women globally to managing director and senior managing director, achieving our goal of 25% women managing directors by the end of 2020 and setting a new global goal of 30% by 2025. In the UK we have also targeted to increase the representation of our Black colleagues from 4% to 7% and to more than double the number of our Black Managing Directors.</p> <p>From an inclusion perspective, we are committed to a workplace where individuals can achieve their potential and can be themselves without fear of bias of any kind. Inclusion is institutionalised through policy, inclusive decision making, inclusive work design, inclusive workplaces and inclusive talent strategies. We have interest groups that focus on gender, ethnicity, mental health, religion, disability, family and sexual orientation. These networks are made up of individuals from all levels and all parts of the organisation. While these networks represent particular interest groups, they are encouraged to be welcoming to all, including establishing ally programmes.</p> <p>Engagement with the Company's employees is across many dimensions. From interaction through employee forums and networks, to project communities and practice communities. Each employee is provided a career counsellor and we offer an Employee Assistance Programme for more individual engagement. Ultimately, to assess how well we are doing, we regularly survey our employees to understand the extent to which they are thriving and identify instances of individuals not living our core values.</p> <p>The Company is an equal opportunities employer and has implemented the associated Equal Opportunities, Respect for the Individual, Meritocracy and Harassment policies.</p> <p>The Company's current initiatives are explained in more detail at www.accenture.com/gb-en/about/inclusion-diversity/uk-workforce and in the UK Impact Report www.accenture.com/gb-en/about/inclusion-diversity/creating-new-value</p>

Accenture (UK) Limited
Strategic Report for the year ended 31 August 2020 (continued)

Section 172 Statement - Companies Act 2006 (continued)

Stakeholders	Engagement
Society	<p>We believe that local economies and communities should benefit from our technology capabilities and scale.</p> <p>The Company is part of a large global group and therefore can make an impact to society in the countries in which it operates. In FY20 the Company continued to work in partnership with community groups across the UK providing funding, volunteering and pro bono consulting, as well as supporting charities, social enterprises, and others who help minority groups or those who are excluded or vulnerable thrive in the digital economy. We lead national coalitions including Movement to Work (www.movementtowork.com), the Inclusive Economy Partnership (www.inclusiveeconomypartnership.gov.uk) and FutureDotNow (www.futuredotnow.uk), which in collaboration with clients, partners and the government highlight and tackle issues relating to workforce skills and employment.</p> <p>Skills to Succeed The Company's global "Skills to Succeed" programme is committed to helping society, from the young to older workers who are vulnerable due to automation, to adapt and thrive in the digital economy. Since its launch in the UK to August 2020, the Skills to Succeed Academy has skilled 157,033 people and a further 353,000 people have participated in the Accenture Digital Skills Programme globally. The UK workforce provided 35,000 of pro-bono consulting hours in FY20.</p> <p>Social innovation The Company's employees utilise their skills and ingenuity; adapting emerging technologies to have immediate positive social impact and address questions such as accessibility, education, health, gender equality, climate change and economic mobility. In FY20, the Company's work with the National Theatre in London used smart glass technology to dramatically improve the theatre experience for deaf and hard of hearing patrons. More details are available at www.accenture.com/gb-en/case-studies/artificial-intelligence/enhancing-theatre-experience-hard-hearing.</p> <p>Accenture Development Partnerships The Company's not-for-profit arm together with clients, NGOs and government institutions work to improve lives in the developing world and bring us closer to achieving the United Nations Sustainable Development Goals.</p> <p>More details can be found in our UK Impact report (www.accenture.com/gb-en/about/inclusion-diversity/creating-new-value). Our Corporate Citizenship Report 2019 provides detail on the Accenture Group activities, including the UK (www.accenture.com/_acnmedia/PDF-120/Accenture-Corporate-Citizenship-Report-2019.pdf)</p>

Accenture (UK) Limited
Strategic Report for the year ended 31 August 2020 (continued)

Section 172 Statement - Companies Act 2006 (continued)

Stakeholders	Engagement
Environment	<p>We believe that we need to take a leadership position on our own impact on the environment and that we should use our voice and services to help deliver a sustainable future.</p> <p>We are committed to:</p> <ul style="list-style-type: none"> • By 2023, achieving 100% renewable energy globally. • By 2025, achieving net zero carbon emissions by focusing on actual reductions in the Company's emissions and investing in nature-based solutions to remove carbon from atmosphere. • Move to zero waste by reuse or recycling all e-waste and office furniture and eliminating single-use plastics in its offices. • Develop plans to reduce the impact of flooding, drought and water scarcity on its business and its people in high risk areas. <p>More details on Accenture Group's goals at www.accenture.com/environmentgoals.</p>
Business partners and suppliers	<p>We expect our business partners and suppliers to share our values and beliefs. It is incumbent upon us to ensure we work in partnership to deliver a better result together for our stakeholders.</p> <p>The Company expects its business partners and suppliers to operate to the same standards as it does and in that regard works with its business partners and suppliers to meet environmental sustainability, inclusion, diversity, social innovation and human rights including the elimination of modern slavery. As in previous years, the Company has published its annual Modern Slavery Transparency Statement (www.accenture.com/_acmedia/PDF-119/Accenture-Modern-Slavery-Act-Statement.pdf).</p> <p>The Company sets high standards for the way it conducts business and requires suppliers across all categories to adhere to its Supplier Standards of Conduct or make an equivalent commitment. The Company takes targeted actions and supports advocacy in our supplier ecosystems, frequently holding discussions with suppliers across their business. We also offer our Diverse Supplier Development Program (DSDP) (https://www.accenture.com/us-en/about/company/accenture-supplier-inclusion-diversity) which reflects our commitment to developing and expanding relationships with diverse businesses owned by minorities, women, persons with disabilities, LGBT, veterans, disabled veterans, and service-disabled veterans and others. The formal 12 to 18-month program matches our executive mentors with diverse supplier companies to help them grow their businesses. In turn, the Company, its clients, and communities' benefit from their innovative contributions. Not only does DSDP represent a strategic sourcing strategy for the Company and its clients, but also strengthens communities by creating more businesses, jobs, and economic growth. Our Supplier Standards of Conduct reflect our core values and its commitment to the 10 principles of the United Nations Global Compact.</p> <p>The Company has improved the individual number of suppliers it pays on time as required by the Prompt Payment Code in the UK and consistently makes more than 95% of its UK payments within 60 days. Timely payment to suppliers helps to support cashflow and enables them to continue focus on delivering innovation leading to shared success.</p>
Covid 19	<p>The Covid-19 pandemic has forced the Company to make significant, and potentially lasting changes. As a business the Company has worked closely with its clients, helping them to rapidly adjust to the changing needs of their customers, suppliers and employees in the face of the pandemic. At the same time, as an employer the Company has made every effort to keep its employees and its communities engaged and cared for by putting their health and well-being at the top of our agenda. More details on the Company's Covid-19 response can be found at www.accenture.com/gb-en/about/inclusion-diversity/our-covid-19-response</p>

Accenture (UK) Limited

Strategic Report for the year ended 31 August 2020 (continued)

Principal risks and uncertainties

The principal risks and uncertainties of the Company are intrinsically linked to those faced by the broader Accenture Group, which are disclosed in the Accenture plc Annual Report. The Accenture Group performance continues to be strong and there is not considered to be a significant risk to the Company's continuing profitability.

There are a range of risks and uncertainties facing the Company and the list below is not intended to be exhaustive. The focus is on those specific risks and uncertainties that the Directors believe could have a significant impact on the Company's position and performance.

COVID-19

The COVID-19 pandemic has created significant volatility, uncertainty and economic disruption. The pandemic has resulted in authorities around the world implementing numerous unprecedented measures. The pandemic and the actions taken by governments, businesses and individuals in response to the pandemic have resulted in, and are expected to continue to result in, a substantial curtailment of business activities, weakened economic conditions, significant economic uncertainty and volatility. The pandemic is significantly impacting and could in the future materially impact the Company's business, operations and financial results.

The extent to which the Covid-19 pandemic will continue to impact the Company's business, operations and financial results will depend on numerous evolving factors that are difficult to accurately predict, including:

- the duration and scope of the pandemic and the continuation of additional outbreaks;
- how quickly and to what extent normal economic and social activity can resume;
- the timing of the deployment and distribution of an effective vaccine or treatments for COVID-19;
- government, business and individuals' actions in response to the pandemic;
- the prolonged effect on our clients and client demand for our services and solutions;
- the degree to which client demand normalises in a remote work environment;
- the reprioritisation, delay or termination of existing client engagements;
- the ability of our clients to pay for our services and solutions. The closures of our and our clients' offices, and restrictions inhibiting our people's ability to access those offices, have disrupted, and will continue to disrupt our ability to sell and provide our services and have resulted in, and may continue to result in, losses of revenue.

In response to governmental directives and recommended safety measures, the Company has enabled most of its employees to work remotely. As governments ease their restrictions, the Company's employees will likely increase their social interactions, including in certain circumstances in the Company's and its clients' offices, which could increase the risk of infection and could result in increased illness among our employees and associated risks, including business interruption.

Any of these events could cause, contribute to or magnify the other risks and uncertainties and could materially affect our business, financial condition and results of operations.

Brexit

With the Trade and Cooperation Agreement now reached between the EU and UK, the impact on how Accenture operates remains low.

A degree of uncertainty remains as we await further clarity on some outstanding issues. We, therefore, continue to monitor the impact on our business and that of our clients - which will vary by sector - to ensure we mitigate risk and are well placed to support clients.

Accenture (UK) Limited
Strategic Report for the year ended 31 August 2020 (continued)

Principal risks and uncertainties (continued)

Brexit (continued)

The key issues for us remain flows of talent, data and services and we need these to remain as frictionless as possible to enable us to use our global workforce to match the right skills, in the right place, at the right time, to meet clients' needs.

Competitive pressures

The Company's performance is largely dependent on the ability to compete successfully in the UK market by adapting to the needs of our UK client base. Market share and the level of client spending could be affected by the emergence of new competitors, quality, pricing and reputation. Competitors may be able to:

- more successfully sell similar services;
- innovate and develop new services and solutions faster than the Accenture Group;
- anticipate the need for services and solutions before the Company; or
- offer more aggressive contractual terms, which may affect the Company's ability to sign profitable contracts.

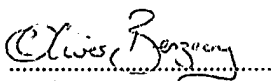
Reliance on Accenture plc group - exposure to credit, liquidity and cash flow risk

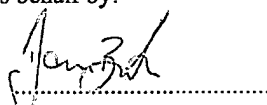
The Accenture Group operates a centralised treasury function which manages Accenture plc's overall Treasury policy, risk management and its liquidity requirements including those of the Company. The Company's principal financial assets are trade and other receivables related to clients and intercompany activity. The Company has no external borrowings and the Accenture Group Treasury function manages the Company's foreign exchange exposure.

The Company's credit risk is primarily attributable to its trade receivables. The Company has no significant concentration of credit risk, with exposure spread over a large number of clients.

The Company is financed by operating cash flows. In the event of a customer default or cash flow deficit, the Company has access to funding from the Accenture plc group.

Approved by the Board on 22 February 2021 and signed on its behalf by:


O Benzecry
Director


D Burton
Director

Accenture (UK) Limited

Directors' Report for the year ended 31 August 2020

The Directors present their report and the Financial Statements of Accenture (UK) Limited for the year ended 31 August 2020.

Directors of Accenture (UK) Limited

O Benzecry (Chairman and Managing Director)
D Burton
E Mackay (appointed 22 June 2020)
P Rowe
S Whitehouse (resigned 22 June 2020)
Z Bahrololoumi (resigned 18 December 2020)
C Mottershead

Accenture (UK) Limited has professional indemnity insurance in place for the benefit of the Directors.

Going concern

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the report and the financial statements.

The Company has a net current asset deficiency of £356,883,374, however, the financial statements have been prepared on a going concern basis as the ultimate parent company has pledged its support for a minimum of 12 months from the date of issuing these financial statements.

Charitable and political contributions

Accenture (UK) Limited made charitable donations totalling £2,465,456 during the year (2019: £876,332). The Company made no political donations during the year (2019: £Nil).

Corporate Governance Statement

As a subsidiary of the Accenture Group, the Company adheres to its governance ethos and practices. The Company operates in accordance with its Memorandum and Articles, Code of Business Ethics (COBE) and the governance principles set out below.

The Company has not adopted Accenture plc's Governance Guidelines as these are specific to a listed Company nor has it adopted any other governance code. While Accenture plc's Governance is specific to a listed company, there is much in Accenture's Plc's governance that applies to Accenture UK and is reflected in the governance principles set out below.

Principle One – Values and Culture

The Company is a wholly owned subsidiary of the Accenture Group headed by Accenture plc. The Board and wider Accenture leadership oversee the Company's alignment with the Company's purpose, goals, strategies and ethics and compliance with its code of business ethics and associated policies.

We aim to lead, not only in our services to our clients but in our service to our wider stakeholders (our people, our partners & suppliers, the communities in which we operate, and the planet) as described in our section 172 statement.

Our governance seeks to enthuse this leadership across the organisation. We have a well-defined Code of Business Ethics (COBE) supported by a culture of accountability, ethical conduct and compliance. Our people have clear and visible channels to access the information they need to make ethical decisions and are required to take part in training and reinforcement of COBE annually. COBE builds on our six core values - Client Value Creation, One Global Network, Respect for the Individual, Best People, Integrity and Stewardship by providing greater detail about expected behaviours and our associated policies (https://www.accenture.com/_acnmedia/PDF-63/Accenture-CoBE-Brochure-English.pdf).

Principle Two – Board Composition

The constitution of the Company's Board includes representation from all functions of the business. The Board includes leaders drawn from the Global Management Committee (GMC), client service, human resources, operations, finance and legal. Consistent with the Company's policy on diversity, the Board is diverse in its gender, ethnicity and skills and comprises the members below.

Accenture (UK) Limited

Directors' Report for the year ended 31 August 2020 (continued)

Corporate Governance Statement (continued)

Principle Two – Board Composition (continued)

Oliver Benzecry	<ul style="list-style-type: none"> Chairman and Managing Director of Accenture, UK and Ireland A member of the Accenture group Global Management Committee
Zahra Bahrololoumi	<ul style="list-style-type: none"> Senior Managing Director and the head of Accenture Technology in UK and Ireland Accenture Technology's Inclusion & Diversity Lead Globally.
Daniel Burton	<ul style="list-style-type: none"> Senior Finance Director and Chief Financial Officer, UK and Ireland
Patrick Rowe	<ul style="list-style-type: none"> Chief Compliance Officer for the Accenture group with responsibility for Accenture's COBE and compliance with competition law, anti-bribery, trade compliance, anti-money laundering, government compliance and data protection. Executive sponsor for the UK Pride at Accenture Network.
Ewan Mackay	<ul style="list-style-type: none"> Senior Managing Director and Director of Operations, UK and Ireland Communications, Media and Technology business lead in UK and Ireland
Candida Mottershead	<ul style="list-style-type: none"> HR Senior Director for UK and Ireland

Zahra Bahrololoumi is no longer on the board of directors on date of signing of the accounts.

Principle Three – Director Responsibilities

The Board has responsibilities for the overall governance and oversight of the Company strategy and operations. The Board meets regularly to approve acquisitions, delegations of authority, financial statements and the declaration of dividends. The Board includes senior leadership with the requisite skills and experience to deliver on these accountabilities.

The UK Board is supported by the Executive Committee who have oversight of the day to day operations of the UK business. A significant number of UK Board members are also members of the Executive Committee and the Chairman of the Board sits on the GMC which includes representatives from all the geographic markets in which the Accenture Group operates and the Accenture Group CEO.

Members of the Board act in accordance with Accenture's COBE, which is applicable to all directors as well as all other Accenture personnel. This includes strict adherence to Accenture's policies with respect to conflicts of interest, confidentiality, and ethical conduct in all business and personal dealings. Board members are required to be mindful of possible conflicts of interest that could impair their independence as a director. The Company has procedures in place so that a director can escalate conflicts. If a significant conflict arises and cannot be resolved the director would be expected to resign.

The Board complete the annual Accenture Leader Compliance Certification, certifying understanding of and compliance with Accenture's key compliance priorities and requirements. The Accenture Group has a global set of policies implemented in the UK that ensure at all time its directors and all employees operate with the appropriate integrity, compliance, control and within the law.

Principle Four – Opportunity and Risk

The Company's long-term strategic opportunities are aligned with the Accenture Group's strategic direction as set out in the Accenture plc's Annual Report (www.accenture.com/_acnmedia/PDF-138/Accenture-Fiscal-2020-Annual-Report.pdf#zoom=50). The risks associated to the Company are common to those that the Accenture Group faces (refer to Accenture plc's Annual Report) and the specific risks to the UK marketplace have been set out in the Strategic Report namely Brexit.

While there are defined processes to identify opportunity and manage risks, there is the expectation that all our leaders should be doing so to ensure rapid sense and response for our clients and more broadly for our other stakeholders. There are then a number of approval forums to approve the associated business actions.

In January 2020 the Accenture Group implemented its Next Generation Growth Model (NGGM) whereby Accenture organized its market-leading capabilities into four services: Strategy & Consulting, Interactive, Technology, and Operations. The Accenture Group now manages its business through three geographic markets — North America, Europe, and Growth Markets. Accenture continues to go to market by industry and expand its global industry programs. The Accenture Group's GMC has expanded to include a broader representation of leaders from its services and geographic markets. The Accenture UK Board of Directors is represented on the GMC by the Chairman of the Board.

Accenture (UK) Limited

Directors' Report for the year ended 31 August 2020 (continued)

Corporate Governance Statement (continued)

Principle Five – Remuneration

We believe that a well-designed, consistently applied compensation program is fundamental to the long-term creation of shared success with our clients, our people, shareholders, partners and communities.

We ensure we are always current on legislative requirements, best market practice and remuneration benchmarking, drawing on evidence from across the sectors in which we operate and from other sectors. Pay is aligned with performance and considers fair pay and conditions across the Company's workforce. The Company is committed to closing the gender pay gap and reports annually on progress (www.accenture.com/gb-en/about/inclusion-diversity/uk-gender-pay-gap). We conduct an annual risk review and retain an independent compensation consultant.

In particular the Company aligns Executive pay with performance and sets challenging performance objectives balancing long and short-term incentives appropriately. Non-solicitation and non-competition provisions are included in award agreements, with a clawback of equity under specific circumstances.

Principle Six – Stakeholder Engagement

We acknowledge that in the course of our core business, the advice and solutions we sell to clients impacts various stakeholders within and beyond their businesses whom we must actively consider.

Board members and our wider leadership aim to develop and embed increasingly visible and deliberate consideration of our stakeholders including social and environmental impacts into all our client proposals and projects and the core processes underpinning them. We seek to elevate our people's responsible business mindset and skills and seek to influence our clients at an engagement level, where the work together poses significant social, economic or reputational risk. Where this is the case, we will seek to offer alternative solutions. Our actions will continue to be governed by our core values, COBE and compliance with legal requirements.

More details can be found in our Section 172 statement on page 4.

Statement on engagement with suppliers, customers and others in a business relationship with the company

Refer to our Section 172 statement in the strategic report and Corporate Governance statement for details.

Statement of engagement with employees

Refer to our Section 172 statement in the strategic report and Corporate Governance statement for details.

Subsequent events

Subsequent to the year end the following events occurred:

- On 1 September 2020, the Company acquired the trade and certain assets and liabilities of Callisto Integration Europe Ltd. The principal activity of Callisto Integration Europe Ltd. is to provide services in design, development and implementation of advanced systems.
- On 1 September 2020, the Company acquired the trade and certain assets and liabilities of Mudano Limited. The principal activity of Mudano Limited is to provide premium data consulting services, fintech data solutions and project management platforms.
- On 1 September 2020, the Company acquired the trade and certain assets and liabilities of Context Information Security Limited. The principal activity of Context Information Security Limited is to provide integrated cyber technical services.
- On 22 October 2020, the Company acquired N3 Results Limited, an outsourcing sales firm.
- On 15 February 2021, the Company acquired Sapling Topco Limited and subsidiaries. The principal activity of the group is to provide solutions and services in on-premise and cloud software.

Accenture (UK) Limited
Directors' Report for the year ended 31 August 2020 (continued)

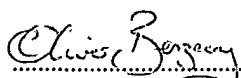
Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Accenture (UK) Limited auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Accenture (UK) Limited auditor is aware of that information.

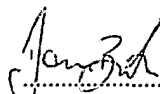
Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG, Chartered Accountants will therefore continue in office.

Approved by the Board on 22 February 2021 and signed on its behalf by:



O Benzecry
Director



D Burton
Director

30 Fenchurch Street
London
EC3M 3BD

Accenture (UK) Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and Financial Statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

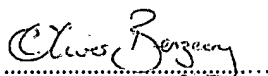
Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 101 *Reduced Disclosure Framework*.

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 these financial statements, the Directors are required to:

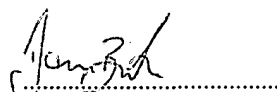
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Approved by the Board on 22 February 2021 and signed on its behalf by:



O Benzecry
Director



D Burton
Director



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent Auditor's Report to the members of Accenture (UK) Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Accenture (UK) Limited (the 'Company') for the year ended 31 August 2020 set out on pages 18 to 61, which comprise the Profit and Loss Account, Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 *Reduced Disclosure Framework*.

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework*; and
- have been properly 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC'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.

We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and the analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Other information

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the strategic and directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.



Independent Auditor's Report to the members of Accenture (UK) Limited (continued)

Report on the audit of the financial statements (continued)

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information:

- we have not identified material misstatements in the directors report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements; and
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of Directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 14, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they 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 about 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 is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.



Independent Auditor's Report to the members of Accenture (UK) Limited (continued)

Respective responsibilities and restrictions on use (continued)

The purpose of our audit work and to whom we owe our responsibilities

Our 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 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 opinions we have formed.

22 February 2021

Michael Gibbons
Senior Statutory Auditor
For and on behalf of
KPMG, Statutory Auditor
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland.

Accenture (UK) Limited**Profit and Loss Account for the year ended 31 August 2020**

		2020	2019
	Note	£ 000	£ 000
Turnover	3	2,503,943	2,682,556
Cost of sales		(2,022,805)	(2,088,166)
Gross profit		481,138	594,390
Administrative expenses		(359,881)	(386,409)
Operating profit	4	121,257	207,981
Other interest receivable and similar income	6	2,167	2,202
Interest payable and similar charges	6	(11,047)	(3,984)
Profit before tax		112,377	206,199
Tax on profit on ordinary activities	10	(22,009)	(30,461)
Profit for the year		90,368	175,738

The above results were derived from continuing operations.

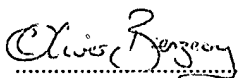
Accenture (UK) Limited
Statement of Other Comprehensive Income for the year ended 31 August 2020

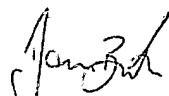
	Note	2020 £ 000	2019 £ 000
Profit attributable to the equity holders of the Company		90,368	175,738
Other Comprehensive (Loss)/Income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of retirement benefit asset	9	(6,233)	(13,440)
Related taxation	11	1,183	2,340
		<u>(5,050)</u>	<u>(11,100)</u>
Items that are or may be reclassified subsequently to profit or loss			
Net change in fair value of cash flow hedge transferred from equity		(14,540)	(3,600)
Deferred taxation on change in fair value of cash flow hedge transferred from equity	11	2,480	612
Effective portion of changes in fair value of cash flow hedge		(14,311)	34,059
Deferred taxation on effective portion of changes in fair value of cash flow hedge	11	2,441	(5,790)
		<u>(23,930)</u>	<u>25,281</u>
Other Comprehensive (Loss)/Income for the period		(28,980)	14,181
Total comprehensive income attributable to the equity holders of the Company		61,388	189,919

Accenture (UK) Limited**Company Registration Number: 04757301****Balance Sheet as at 31 August 2020**

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Intangible assets	12	1,868,419	1,799,182
Tangible assets	14	177,165	37,743
Investments	15	364,474	209,305
		<u>2,410,058</u>	<u>2,046,230</u>
Current assets			
Debtors: amounts due after more than one year	16	139,489	129,573
Debtors: amounts due within one year	16	503,238	499,792
Cash at bank and in hand		75,332	51,956
		<u>718,059</u>	<u>681,321</u>
Creditors: amounts falling due within one year	17	<u>(1,074,942)</u>	<u>(881,775)</u>
Net current liabilities		<u>(356,883)</u>	<u>(200,454)</u>
Total assets less current liabilities		<u>2,053,175</u>	<u>1,845,776</u>
Creditors: amounts falling due after more than one year	17	<u>(320,997)</u>	<u>(177,901)</u>
Provisions for liabilities			
Provisions	20	<u>(9,175)</u>	<u>(16,570)</u>
Net assets		<u>1,723,003</u>	<u>1,651,305</u>
Capital and reserves			
Share capital	21	1,026,000	1,026,000
Share premium		97,000	97,000
Cash flow hedge reserve		(651)	23,279
Capital contribution		(3,254)	(13,564)
Retained earnings		603,908	518,590
Shareholder's funds - equity		<u>1,723,003</u>	<u>1,651,305</u>

These financial statements were approved by the Board on 22 February 2021 and signed on its behalf by:


 O Benzecry
 Director


 D Burton
 Director

Accenture (UK) Limited

Statement of Changes in Equity for the year ended 31 August 2020

	Share capital £ 000	Share premium £ 000	Cash flow hedge reserve £ 000	Capital contribution £ 000	Retained earnings £ 000	Total £ 000
Balance as at 1 September 2019	1,026,000	97,000	23,279	(13,564)	518,590	1,651,305
Profit for the year	—	—	—	—	90,368	90,368
Other comprehensive income	—	—	(23,930)	—	(5,050)	(28,980)
Total comprehensive income	—	—	(23,930)	—	85,318	61,388
Share based payment transactions	—	—	—	10,310	—	10,310
Total contribution and distribution	—	—	—	10,310	—	10,310
At 31 August 2020	1,026,000	97,000	(651)	(3,254)	603,908	1,723,003

	Share capital £ 000	Share premium £ 000	Cash flow hedge reserve £ 000	Capital contribution £ 000	Retained earnings £ 000	Total £ 000
Balance as at 1 September 2018 (as previously reported)	1,026,000	97,000	(2,002)	28,326	506,528	1,655,852
IFRS 15 transition adjustment	—	—	—	—	(1,196)	(1,196)
IFRS 9 transition adjustment	—	—	—	—	(1,380)	(1,380)
Balance as at 1 September 2018	1,026,000	97,000	(2,002)	28,326	503,952	1,653,276
Profit for the year	—	—	—	—	175,738	175,738
Other comprehensive income	—	—	25,281	—	(11,100)	14,181
Total comprehensive income	—	—	25,281	—	164,638	189,919
Dividends	—	—	—	—	(150,000)	(150,000)
Share based payment transactions	—	—	—	(41,890)	—	(41,890)
Total contribution and distribution	—	—	—	(41,890)	(150,000)	(191,890)
At 31 August 2019	1,026,000	97,000	23,279	(13,564)	518,590	1,651,305

The deemed distribution is calculated after considering the fair value of the cumulative cash settlements paid, and payable, by Accenture (UK) Limited to Accenture plc in respect of share based compensation recharges, which were more than the IFRS 2 charge previously recognised.

Accenture (UK) Limited

Notes to the Financial Statements for the year ended 31 August 2020

1 Reporting Entity

In this financial statements, we use the terms the “Company”, “Accenture”, “we”, “our” and “us” to refer to Accenture (UK) Limited. The Company is a private company incorporated, domiciled and registered in the United Kingdom. The registered number is 04757301 and the registered address is 30 Fenchurch Street, London, EC3M 3BD.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 issued by the Financial Reporting Council.

Statement of compliance

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”).

Changes in accounting policy

IFRIC 23 Uncertainty of Income Tax Treatments - effective 01 January 2019 (“IFRIC 23”)

The Company adopted IFRIC 23 on 01 September 2019 with no impact on the financial statements.

IFRS 16 Leases - effective 01 January 2019 (“IFRS 16”)

The Company adopted IFRS 16 with effect from 1 September 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model whereby all leases are accounted for as finance leases, with some exemptions for short term and low-value leases. It also includes an election which permits a lessee not to separate non-lease components (e.g.maintenance) from lease components and instead capitalise both the lease cost and associated non-lease cost. The standard primarily affects the accounting for the Company’s operating leases. The application of IFRS 16 results in the recognition of additional assets and liabilities in the Statement of Financial Position and in the Income Statement it replaces the straight-line operating lease expense with a depreciation charge for the right of use asset and an interest expense on the lease liabilities. The short term exemption has been applied to corporate housing leases.

Lease assets and liabilities recognised at the lease commencement date are determined predominantly as the present value of the payments due over the lease term. Since we cannot determine the implicit rate in our leases, we use our incremental borrowing rate on that date to calculate the present value.

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company leases may include the option to extend or terminate before the end of the contractual term and are often noncancelable or cancelable only by the payment of penalties. Our lease assets and liabilities include these options in the lease term when it is reasonably certain that they will be exercised. In certain cases, we sublease excess office real estate to third party tenants.

2 Accounting policies (continued)

Changes in accounting policy (continued)

IFRS 16 Leases - effective 01 January 2019 (continued)

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 September 2019.

Transition

The Company adopted the new standard by applying the modified retrospective approach. At transition, leases previously classified as operating leases under IAS 17, their lease liabilities were measured at the present value of the remaining lease payments, discounted at the applicable incremental borrowing rate as at 1 September 2019. All right of use assets were measured at the amount of the lease liability on adoption, adjusted by the amount of any prepaid or accrued interest payments. Previously under IAS 17 operating lease rentals were charged to the Income Statement on a straight-line basis over the term of the lease.

The Company availed of the recognition exemption for short-term and low-value leases and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. Lease liabilities represent our obligation to make payments arising from the lease. Lease assets represent our right to use an underlying asset for the lease term and may also include advance payments, initial direct costs or lease incentives. Payments that depend upon an index or rate, such as the Consumer Price Index (CPI), are included in the recognition of lease assets and liabilities at the commencement-date rate. Other variable payments, such as common area maintenance, property and other taxes, utilities and insurance that are based on the lessor's cost, are recognised in the Income Statement in the period incurred.

On 1 September 2019 £211m of leases were recognised as liabilities on adoption of the standard and £166m capitalised as right of use assets. For the year ended 31 August 2020, depreciation on the right of use assets was £25m and associated lease rentals decreased by £21m leading to an increase in operating profit of £3.6m. The interest charge on the associated leases was £7.1m and the aggregate impact of IFRS 16 on profit before tax was a decrease of £2.4m. Further details outlining the impact on the financial statements on transition to IFRS 16 is outlined in Note 14.

	Balance as of 31.08.2019	IFRS 16 adoption Lessee	IFRS 16 adoption Lessor	Balance as of 01.09.2019
Lease receivables	—	—	42,770	42,770
Right of use of Asset	—	211,265	(45,010)	166,255
Prepayment	1,762	(1,762)	—	—
Office lease incentive (Note 20)	(7,594)	7,594	—	—
Lease abandonment (Note 20)	(1,602)	1,602	—	—
Lease Liability	—	(211,265)	—	(211,265)
Profit and loss	—	—	2,240	2,240
Net position	(7,434)	7,434	—	—

2 Accounting policies (continued)

New standards and interpretations

The followings standards and interpretations are not yet effective for the Company and are not expected to have a material effect on the results or financial position of the Company:

IFRS 3 (Amendments)	Business Combinations	1 January 2020
IFRS 9, IAS 39 & IFRS 7 (Amendments)	Interest Rate Benchmark Reform	1 January 2020
IAS 1 (Amendments)	Presentation of Financial Statements	1 January 2020
IAS 8 (Amendments)	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
The Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020
IFRS 17	Insurance Contracts: IFRS 17 published in May 2017 will be effective for reporting periods beginning on or after 1 January 2023. The Company is currently assessing the potential impact of the standard on future periods, however, it is not expected that it will have a material impact.	1 January 2023

Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures;

- Cash flow statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- Disclosure in respect of the compensation of Key Management Personnel; and
- The second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a), to (c), 120 to 126 and 129 of IFRS 15 Revenue from Contracts with Customers.

Where relevant, equivalent disclosures have been given in the group accounts of Accenture plc. The Company's ultimate parent undertaking, Accenture plc includes the Company in its consolidated financial statements. The consolidated financial statements of Accenture plc are prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP) and are available to the public and can be obtained as set out in Note 27. The Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- The disclosures required by IFRS 7 *Financial Instruments: Disclosure* and IFRS 13 *Fair Value Measurement* regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

2 Accounting policies (continued)

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Functional and presentation currency

The financial statements are presented in sterling, which is the Company's functional currency. All financial information presented in sterling has been rounded to the nearest thousand.

Exemption from preparing group accounts

The Company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Use of estimates and judgements

The preparation of the financial statements in accordance with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management believe that the estimates and assumptions made are reasonable based on the information available to them at the time that those estimates and assumptions are made. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant in relation to the financial statements are set out in Note 26 and relate primarily to goodwill, revenue recognition, retirement benefit obligations, lease abandonment provisions, dilapidation provisions, taxation and share based payments.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separate net assets acquired) arising in respect of acquisitions is capitalised.

Goodwill acquired is allocated at acquisition date, to the cash generating unit expected to benefit from synergies related to the acquisition. Goodwill is measured at cost less accumulated impairment losses. Goodwill is subject to impairment testing at least annually or more frequently if an indicator of impairment exists. Where the recoverable amount of a cash generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses arising in respect of goodwill are not reversed once recognised.

Goodwill on acquisitions prior to the date of transition to IFRS initially, then to FRS 101, has been retained at the previous UK GAAP amount, being its deemed cost subject to being tested for impairment.

Intangible assets (other than goodwill)

An intangible asset, other than goodwill, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset flow to the Company and that its fair value can be measured. The asset is deemed to be identifiable when it is separate (i.e. capable of being divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability) or when it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Company or from other rights or obligations.

Intangible assets acquired as part of a business combination are capitalised separately from goodwill at fair value on the date of acquisition if the intangible asset meets the definition of an asset and the fair value can be reliably measured.

2 Accounting policies (continued)

Intangible assets (other than goodwill) (continued)

Intangible assets are carried at cost less accumulated amortisation and impairment losses. The carrying value of intangible assets is reviewed when events or changes in circumstances indicate that the carrying value may not be recoverable. The amortisation of intangible assets is calculated to write-off the book value over their useful lives which is currently between 3 to 11 years on a straight-line basis on the assumption of zero residual value.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss recognised from the de-recognition of intangible assets shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is de-recognised.

Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (two to five years) on a straight-line basis.

Other costs associated with maintaining software programmes are recognised as an expense as incurred.

Investments

Investments in subsidiary undertakings and joint ventures are initially recorded at cost, being the fair value of the consideration paid. Subsequently, investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Revenue recognition

The Company accounts for revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*, which was adopted on 1 September 2018 using the modified retrospective method.

Performance Obligations

A performance obligation is a commitment in a contract to transfer a distinct good or service to the client and is the unit of accounting in IFRS 15. A contract's transaction price is allocated to each distinct performance obligation and recognised as revenue when, or as, the performance obligation is satisfied. For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation based on the relative standalone selling price. The primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which we forecast our expected costs of satisfying a performance obligation and then add an appropriate margin for that distinct good or service based on margins for similar services sold on a standalone basis. While determining relative standalone selling price and identifying separate performance obligations require judgement, generally relative standalone selling prices and the separate performance obligations are readily identifiable as we sell those performance obligations unaccompanied by other performance obligations. Contract modifications are routine in the performance of our contracts. Contracts are often modified to account for changes in the contract specifications, requirements or duration. If a contract modification results in the addition of performance obligations priced at a standalone selling price or if the post-modification services are distinct from the services provided prior to the modification, the modification is accounted for separately. If the modified services are not distinct, they are accounted for as part of the existing contract.

Company revenues are derived from contracts for outsourcing services, technology integration consulting services and non-technology consulting services. These contracts have different terms based on the scope, performance obligations and complexity of the engagement, which frequently require us to make judgements

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

2 Accounting policies (continued)

Revenue recognition (continued)

Performance Obligations (continued)

and estimates in recognising revenues. We have many types of contracts, including time-and-materials contracts, fixed-price contracts, fee per transaction contracts and contracts with multiple fee types. The nature of our contracts gives rise to several types of variable consideration, including incentive fees. Many contracts include incentives or penalties related to costs incurred, benefits produced or adherence to schedules that may increase the variability in revenues and margins earned on such contracts. These variable amounts generally are awarded or refunded upon achievement of or failure to achieve certain performance metrics, milestones or cost targets and can be based upon client discretion. We include these variable fees in the estimated transaction price when there is a basis to reasonably estimate the amount of the fee and it is not probable a significant reversal of revenue will occur. These estimates reflect the expected value of the variable fee and are based on an assessment of our anticipated performance, historical experience and other information available at the time.

Our performance obligations are satisfied over time as work progresses or at a point in time. The majority of our revenues are recognised over time based on the extent of progress towards satisfying our performance obligations. The selection of the method to measure progress towards completion requires judgement and is based on the contract and the nature of the services to be provided.

Remaining performance obligations

On 31 August 2020, we had approximately £808,470,057 (2019: £891,920,000) of remaining performance obligations. Our remaining performance obligations represent the amount of transaction price for which work has not been performed and revenue has not been recognised. The majority of our contracts are terminable by the client on short notice with little or no termination penalties, and some without notice. Under IFRS 15, only the non-cancellable portion of these contracts is included in our performance obligations. Additionally, our performance obligations only include variable consideration if we assess it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty is resolved. Based on the terms of our contracts, a significant portion of what we consider contract bookings is not included in our remaining performance obligations. We expect to recognise approximately 70% of our remaining performance obligations as revenue in fiscal 2021, an additional 18% in fiscal 2022, and the balance thereafter.

Outsourcing Contracts

Our outsourcing contracts typically span several years. Revenues are generally recognised on outsourcing contracts over time because our clients benefit from the services as they are performed. Outsourcing contracts require us to provide a series of distinct services each period over the contract term. Revenues from unit-priced contracts are recognised as transactions are processed. When contractual billings represent an amount that corresponds directly with the value provided to the client (e.g., time-and-materials contracts), revenues are recognised as amounts become billable in accordance with contract terms.

Technology Integration Consulting Services

Revenues from contracts for technology integration consulting services where we design/redesign, build and implement new or enhanced systems and related processes for our clients are recognised over time as control of the system is transferred continuously to the client. Contracts for technology integration consulting services generally span six months to two years. Generally, revenue is recognised using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying our performance obligations.

Revenues, including estimated fees, are recorded proportionally as costs are incurred. Incurred cost represents work performed, which corresponds with, and thereby best depicts, the transfer of control to the client.

Non-Technology Integration Consulting Services

Our contracts for non-technology integration consulting services are typically less than a year in duration. Revenues are generally recognised over time as our clients benefit from the services as they are performed, or the contract includes termination provisions enabling payment for performance completed to date. When contractual billings represent an amount that corresponds directly with the value provided to the client

2 Accounting policies (continued)

Revenue recognition (continued)

Non-Technology Integration Consulting Services (continued)

(e.g. time-and-materials contracts), revenues are recognised as amounts become billable in accordance with contract terms.

Revenues from fixed-price contracts are generally recognised using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying our performance obligations. Incurred cost represents work performed, which corresponds with, and thereby best depicts, the transfer of control to the client. For non-technology integration consulting contracts which do not qualify to recognise revenue over time, we recognise revenues at a point in time when we satisfy our performance obligations and the client obtains control of the promised good or service.

Contract Estimates

Estimates of total contract revenues and costs are continuously monitored over the lives of our contracts, and recorded revenues and cost estimates are subject to revision as the contract progresses. If at any time the estimate of contract profitability indicates an anticipated loss on a technology integration consulting contract, we recognise the loss in the quarter it first becomes probable and reasonably estimable.

Contract Balances

The timing of revenue recognition, billings and cash collections results in Receivables, Contract assets, and Deferred revenues (Contract liabilities) on our Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones. Our receivables are rights to consideration that are conditional only upon the passage of time as compared to our contract assets, which are rights to consideration conditional upon additional factors. When we bill or receive payments from our clients before revenue is recognised, we record Contract liabilities. Contract assets and liabilities are reported on our Balance Sheet on a contract-by-contract basis at the end of each reporting period.

For some outsourcing contracts, we receive payments for transition or set-up activities, which are deferred and recognised as revenue as the services are provided. These advance payments are typically not a significant financing component because they are used to meet working capital demands in the early stages of a contract and to protect us from the other party failing to complete its obligations under the contract. We elected the practical expedient to report revenues net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions.

Impairment of contract related balances

At each reporting date, the Company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

2 Accounting policies (continued)

Revenue recognition (continued)

Financing components of customer contracts

When a significant financing component exists in a contract, the Company considers there are two components: a revenue component (for the notional cash sales price); and a loan component (for the effect of the deferred or advance payment terms). Interest revenue or interest expense is recognised only to the extent that a contract asset (or receivable) or a contract liability is recognised in accounting for a contract with a customer.

The amount allocated to the significant financing component is presented separately from revenue recognised from contracts with customers. The financing component is presented in the income statement as interest expense (when the customer pays in advance) or interest income (when the customer pays in arrears).

Contract modifications

The Company's contracts are often amended for changes in contract specifications and requirements. Contract modification exists when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

- a. Prospectively as an additional separate contract;
- b. Prospectively as a termination of the existing contract and creation of a new contract;
- c. As part of the original contract using a cumulative catch up; or
- d. As a combination of b) and c).

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes. Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price.

Taxation

Income tax represents the sum of current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in other comprehensive income or equity. Current tax is based on taxable profit and represents the expected tax payable for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expenditure that are taxable or deductible in other periods or are not taxable / tax deductible. The liability to current tax is calculated using corporation tax rates that have been substantively enacted at the year end date.

IFRIC 23 applies to transactions for which the ultimate tax determination is uncertain. The Company recognises liabilities based on estimates of whether additional taxes will be due. Once it has been concluded that a liability needs to be recognised, the liability is measured based on the tax laws that have been enacted or substantially enacted at the end of the reporting period. The amount shown for current taxation includes an estimate for uncertain tax treatments where the Company considers it probable that uncertain tax treatments will not be accepted by tax authorities and the estimate is measured using either the most likely amount method or the expected value method as appropriate, prescribed by IFRIC 23. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2 Accounting policies (continued)

Taxation (continued)

Deferred tax is provided using the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. If the temporary difference arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable profit or loss, it is not recognised. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the year end date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

IFRS 16 Leases - effective 01 January 2019 ("IFRS 16")

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

2 Accounting policies (continued)

IFRS 16 Leases - effective 01 January 2019 ("IFRS 16") (continued)

As a lessee (continued)

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'tangible assets' and lease liabilities in 'creditors' in the statement of financial position.

As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the de-recognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'other revenue'.

Leases - applied before 01 January 2019

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease income and expenses are charged to the Profit and Loss Account on a straight-line basis over the lease term.

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

2 Accounting policies (continued)

Leases - applied before 01 January 2019 (continued)

In those instances where the Company is in receipt of office lease incentives, the related rent charge is accumulated and charged to the Profit and Loss Account on a straight-line basis over the lease term.

Provision has been made, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, for the costs expected to be incurred in returning leasehold premises to their original state when exiting at the conclusion of the agreement. It is expected that the costs will be incurred up to 2029. The provision has been estimated using information provided by independent property surveyors. A discount has been applied to the dilapidations provision to reflect the time value of money over the remainder of the lease.

A provision is recognised for expected future costs relating to the abandonment of leasehold premises. It is expected that these costs will be incurred over the life of the property leases and will be offset by the release of the provision. The provision assumptions are reviewed on a regular basis and any difference between the actual costs and the provision is expensed or credited as appropriate to the Profit and Loss Account.

Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and impairment losses.

On disposal of a tangible asset, the cost and related accumulated depreciation and impairments are removed from the Balance Sheet and the net amount, less any proceeds, is taken to the Profit and Loss Account.

The carrying values of the tangible assets are reviewed when there is any indication of impairment.

Cost includes expenditure that is directly attributable to the acquisition of an asset. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the replaced item can be measured reliably. All other repair and maintenance costs are charged to the Profit and Loss Account during the financial period in which they are incurred.

Depreciation

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected life on a straight-line basis, as follows:

Asset class	Depreciation method and rate
Leasehold improvement	Term of lease, 15 years maximum
Furniture and fixtures	7 to 10 years
Computer related equipment	2 to 5 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the year end date. Translation differences on monetary items are recognised in the Profit and Loss Account except when recognised in the Statement of Comprehensive Income, as qualifying cash flow hedges.

Financial assets and liabilities

Financial assets and liabilities are classified into the following categories:

Intercompany loans and other intercompany balances with fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables or financial liabilities, and are measured at amortised cost in accordance with IFRS 9, as they meet the following criteria:

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

2 Accounting policies (continued)

Financial assets and liabilities (continued)

- they are held in a business model whose objective is to hold assets to collect contractual cashflows; and
- their contractual cashflows give rise to cash flows that do not contain any payments other than principal or interest.

Trade and other receivables and payables are stated at cost less any impairment losses, which approximates to fair value given the short-term nature of these assets and liabilities.

Trade receivables are carried at original invoice amount less an allowance for potentially uncollectable debts. Provision is made when there is objective evidence that the Company will not be in a position to collect all of its receivables when they fall due. Bad debts are recognised in the Profit and Loss Account on identification.

Impairment of financial assets

Measurement of Expected Credit Losses

The Company recognises loss allowances for ECL(expected credit losses) on financial instruments that are not measured at FVTPL (fair value through profit and loss) , namely:

- Financial assets that are debt instruments
- Receivables and contract assets

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the Profit and Loss Account and are reflected in accumulated provision balances against each relevant financial instruments balance.

Impairment of Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (cash-generating unit). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the profit or loss account. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term cash deposits with a maturity of three months or less.

Provisions

Dilapidations

A provision has been made, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, for the costs expected to be incurred in returning leasehold premises to their original state when exiting at the conclusion of the agreement. The provision has been estimated using information provided by independent property surveyors. A discount has been applied to the dilapidations provision to reflect the time value of money over the remainder of the lease.

Restructuring

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Derivative financial instruments and hedging activities

In the normal course of business, the Company uses derivative financial instruments to manage foreign exchange currency risk.

The Company is exposed to currency risk through its use of resources supplied by Accenture's Global Delivery Network. To mitigate this risk, the Company uses foreign currency forward contracts to hedge the foreign exchange risk of the forecasted inter-company expenses denominated in foreign currencies for up to three years in the future. The Company has designated these derivatives as cash flow hedges. As of 31 August 2019 and 2020, the Company held no derivatives that were designated as fair value or net investment hedges.

In order for a derivative to qualify for hedge accounting, the derivative must be formally designated as a fair value, cash flow or net investment hedge by documenting the relationship between the derivative and the hedged item. The documentation includes a description of the hedging instrument, the hedge item, the risk being hedged, the Company's risk management objective and strategy for undertaking the hedge, the method for assessing the effectiveness of the hedge and the method for measuring the hedge ineffectiveness. Additionally, the hedge relationship must be expected to be highly effective at offsetting changes in either the fair value or cash flows of the hedged item at both inception of the hedge and on an ongoing basis. The Company assesses the ongoing effectiveness of its hedge using the Hypothetical Derivative Method, which measures hedge ineffectiveness based on a comparison of the change in fair value of the actual derivative designated as the hedging instrument and the change in fair value of a hypothetical derivative. The hypothetical derivative would have terms that identically match the critical terms of the hedged item. The Company measures and records hedge ineffectiveness at the end of each fiscal quarter.

For a cash flow hedge, the effective portion of the change in estimated fair value of a hedging instrument is recorded in the Statement of Comprehensive Income and is reclassified into the Profit and Loss Account during the period in which the hedged transaction is recognised. The ineffective portion of the change in fair value of a cash flow hedge is recognised immediately in the Profit and Loss Account.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the Statement of Comprehensive Income and presented in the hedging reserve in equity remains there until the forecast transaction affects the Profit and Loss Account. When the hedged item is a non-financial asset, the amount recognised in the Statement of Comprehensive Income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

2 Accounting policies (continued)

Derivative financial instruments and hedging activities (continued)

longer expected to occur, then the balance in the Statement of Comprehensive Income is recognised immediately in the Profit and Loss Account. In other cases, the amount recognised in the Statement of Comprehensive Income is transferred to the Profit and Loss Account in the same period that the hedged item affects profit or loss.

The Company also uses foreign currency forward contracts, which have not been designated as hedges, to hedge exposures, such as inter-company loans. These instruments are generally short-term in nature, with typical maturities of less than one year, and are subject to fluctuations in foreign exchange rates. Gains and losses on these contracts are recorded in cost of sales in the Profit and Loss Account and are offset by gains and losses in the related monetary items.

Details of the significant inputs and assumptions into the fair values of these instruments are provided in Note 18.

Employee benefits

(a) Defined contribution plans

All eligible employees of the Company can participate in a defined contribution pension scheme. All eligible employees are entitled to membership on standard rates of contribution. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the Profit and Loss Account in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(b) Defined benefit plans

The Company also operates a defined benefit pension scheme providing benefits based on final pensionable salary for certain employees. The assets of the scheme are held separately from those of the Company.

The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in the Statement of Comprehensive Income. The Company determines the net interest expense/(income) on the net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expenses and other expenses related to defined benefit pension plans are recognised in the Profit and Loss Account.

When benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

2 Accounting policies (continued)

Employee benefits (continued)

(c) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(d) share based payments

The Company operates a number of share based payment plans the details of which are presented in Note 19 to the financial statements. The share based payment expense is recognised in the Profit and Loss Account over the requisite service period for awards of equity instruments to employees based on the grant date fair value of those awards expected to ultimately vest. There are no service conditions attached to these share based payments. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates.

Under an agreement with the Company's ultimate parent, Accenture plc, the Company is recharged an amount equal to the value of the ordinary shares issued that is in excess of the award exercise price. The recharge for awards exercised during the year is established based on known facts, while an estimate of the fair value relating to the recharge of unexercised awards is made at each year end date. Any excess of the recharge from Accenture plc over the share based payment expense is recorded as a deemed distribution. Any excess of the share based payment expense over the recharge from Accenture plc is recorded as a capital contribution.

An accrual is established at the year end date for the outstanding Restricted Stock Units (RSUs) with the Company's ultimate parent company, Accenture plc. The amount is disclosed within current and non-current accruals in Note 17.

Research

Expenditure on research activities is recognised in the Profit and Loss Account as incurred.

Interest receivable and payable

Interest receivables include interest income on funds invested, interest income on client finance, intercompany interest income on group company advances and the net expected return on defined benefit pension plan assets.

Interest payables comprise interest payable on group company borrowings and interest relating to accretion of dilapidations/provisions.

The interest is recognised as earned.

Dividends

Dividends on ordinary shares are recognised as a liability in the Company's financial statements in the year in which the dividends are declared and paid if they are interim dividends and when approved by shareholders when they are final dividends.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Accenture (UK) Limited**Notes to the Financial Statements for the year ended 31 August 2020 (continued)****2 Accounting policies (continued)****Research and development tax credits**

Research and development tax credits are provided under the income tax law of the jurisdiction which the Company operates in. The tax law provides for a refundable credit that is not dependant on the Company's ongoing tax status or tax position, therefore, the credit is recognised as an offset to the related expenditure.

Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The Company has a net current asset deficiency of £356,883,374, however, the financial statements have been prepared on a going concern basis as the ultimate parent company has pledged its support for a minimum of 12 months from the date of issuing these financial statements.

3 Turnover and segmental analysis

The Company's principal activity is the provision of management consulting, technology and outsourcing services. The Company operates primarily within the geographical market of the United Kingdom. Turnover originating from other geographical markets is not considered material.

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2020	2019
	£ 000	£ 000
Consulting	1,109,090	1,309,954
Outsourcing	801,989	776,491
Intercompany	592,864	596,111
	2,503,943	2,682,556

4 Operating profit

	2020	2019
	£ 000	£ 000
Restructuring expenses (Note 20)	59,919	11,809
Depreciation of tangible assets	37,908	14,199
Amortisation expense	5,573	4,439
Impairment of financial assets	325	—
(Gain)/loss on foreign currency translation	(1,191)	1,040
Operating lease payments	—	24,996

5 Auditor's remuneration

	2020	2019
	£ 000	£ 000
Audit of the financial statements	295	292
Audit of the financial statements of subsidiaries of the Company pursuant to legislation	16	16
Total auditor's remuneration	311	308

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

6 Interest receivable and payable

	2020	2019
	£ 000	£ 000
Other interest receivable and similar income		
Interest on leases receivables	1,072	—
Bank interest	263	549
Intercompany interest	443	833
Interest on client finance	92	—
Net interest income on pension plan	297	820
Total finance income	<u>2,167</u>	<u>2,202</u>
Interest payable and similar charges		
Intercompany interest	(1,728)	(1,078)
Interest on leasing	(7,111)	—
Interest expenses	(2,208)	(947)
Interest on tax settlement	—	(1,959)
Total interest payable and similar charges	<u>(11,047)</u>	<u>(3,984)</u>

7 Staff costs and numbers

	2020	2019
	£ 000	£ 000
Wages and salaries	854,859	862,338
Social security costs	124,931	128,157
Defined benefit pension plan (Note 9)	552	1,828
Restructuring expenses (Note 20)	59,919	11,809
Defined contribution pension plan (Note 9)	44,238	40,734
Equity settled share based compensation	83,977	84,772
Other employee benefits	16,728	19,279
	<u>1,185,204</u>	<u>1,148,917</u>

The average number of persons employed by the Company (including Directors) during the year, analysed by level was as follows:

	2020	2019
	No.	No.
Leadership	669	649
Senior management	1,604	1,557
Manager	1,846	1,921
Below manager level	5,033	5,307
	<u>9,152</u>	<u>9,434</u>

8 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2020	2019
	£ 000	£ 000
Remuneration	<u>3,456</u>	<u>3,612</u>

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

8 Directors' remuneration (continued)

The Company made contributions of £5,040 towards the pension funds of four Directors in the year to 31 August 2020 (2019: £4,000 - four Directors). Six Directors received shares or shares were receivable under long term incentive schemes in respect of qualifying services.

In respect of the highest paid Director:

	2020	2019
	£ 000	£ 000
Remuneration	894	824

9 Retirement benefit asset

The Company operates two pension plans, the assets of which are held in separate trustee administered funds.

Money purchase plan

The Company operates a defined contribution pension plan for the majority of its employees. The benefits provided by the plan are secured by individually allocated contributions from the members and the Company which are invested in individual accounts within the plan. The members' benefits equal the total amount of the account. The assets of the plan are held separately from those of the Company. The pension expense for the year represents contributions payable by the Company to the plan and amounted to £44,237,915 (2019: £40,734,077). There were no outstanding contributions at either the beginning or end of the financial year.

Defined benefit plans

Accenture Pension Plan

The Accenture Pension Plan (APP) provides benefits based on final pensionable salary and is contributory for the majority of its members. The majority of members in this plan are those employees who have transferred under TUPE legislation to Accenture in the past, where there has been a requirement, either legally or as a consequence of the contract parameters agreed, to provide defined benefit pensions. The APP was established in 1994. The APP is a funded plan with the assets held in a separate Trust under the governance of a Trustee Board, independent of the Company. The Trustees of the APP and the Company are responsible for the investment policy with regard to the assets of the plan. The pension costs are assessed by a qualified independent actuary.

Principal risks

Through its defined benefit pension plan, the Company is exposed to a number of risks, the most significant of which are detailed as follows:

Asset volatility: The plan's liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The plan holds a significant proportion of growth assets (equities, diversified growth fund and global absolute return fund) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. That allocation to growth assets is monitored to ensure it remains appropriate given the plan's long-term objectives.

Changes in bond yields: A decrease in corporate bond yields will increase the value placed on the plan's liabilities for accounting purposes. This will be partially offset by an increase in the value of the plan's bond holdings.

Inflation: The majority of the plan's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

9 Retirement benefit asset (continued)

Defined benefit plans (continued)

Principal risks (continued)

Life expectancy: The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in liabilities.

The Company and the Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the pension plan by investing in assets which perform in line with the liabilities of the plan so as to protect against inflation being higher than expected.

Valuation

The latest full actuarial valuation of the defined benefit pension plan was carried out at 6 April 2017. The valuation was updated for statutory financial reporting purposes to 31 August 2020 by a qualified independent actuary.

The Company paid total contributions to the Accenture Pension Plan of £2,999,000 during the year.

The plan duration is an indicator of the weighted-average time until benefit payments are made. For the Accenture Pension Plan as a whole, the duration was 21 years at the date of the last funding valuation at 6 April 2017.

The defined benefit obligation includes benefits attributable to current employees 8% (2019: 8%), former employees 48% (2019: 53%) and current pensioners 44% (2019: 39%).

The Company has adopted the disclosure requirements of IAS 19 *Employee Benefits*.

The amounts recognised in the Balance Sheet are as follows:

	2020	2019
	£ 000	£ 000
Fair value of scheme assets	326,274	336,565
Present value of plan liabilities	(309,297)	(316,099)
	16,977	20,466
Deferred tax on pension asset	(3,226)	(3,889)
Defined benefit pension plan surplus	<u>13,751</u>	<u>16,577</u>

The net pension surplus of £13,751,000 (2019: £16,577,000) is disclosed in the Balance Sheet as a retirement asset of £16,977,000 (2019: £20,466,000) and a deferred tax liability of £3,225,630 (2019: £3,889,000).

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

9 Retirement benefit asset (continued)

Defined benefit plans (continued)

Plan liabilities

Changes in the present value of plan liabilities are as follows:

	2020	2019
	£ 000	£ 000
Present value at start of year	316,099	271,223
Current service cost	552	757
Actuarial losses	8,637	44,646
Interest expense	5,101	6,833
Benefits paid	(21,133)	(8,562)
Past service cost	—	1,071
Contributions by plan participants	41	131
Present value at end of year	<u>309,297</u>	<u>316,099</u>

Plan assets

	2020	2019
	£ 000	£ 000
Fair value at start of year	336,565	305,132
Interest return on plan assets	5,398	7,653
Excess of actual return over interest cost	2,404	31,206
Employer contributions	2,999	1,005
Contributions by plan participants	41	131
Benefits paid	(21,133)	(8,562)
Fair value at end of year	<u>326,274</u>	<u>336,565</u>

Analysis of assets

The major categories of plan assets are as follows:

	2020	2019
	%	%
Equity instruments	20.00	20.00
Debt instruments	80.00	80.00
	<u>100.00</u>	<u>100.00</u>

	2020	2019
	£ 000	£ 000
Actual return on plan assets	<u>(6,233)</u>	<u>(13,440)</u>

The pension plan has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Accenture (UK) Limited

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

9 Retirement benefit asset (continued)

Defined benefit plans (continued)

History of experience on plan assets and liabilities

Amounts for the current and previous year are as follows:

	2020	2019
	£ 000	£ 000
Fair value of plan assets	326,274	336,565
Defined benefit obligation	(309,297)	(316,099)
Surplus in plan	<u>16,977</u>	<u>20,466</u>
<i>Experience (losses)/gains on plan assets</i>		
Difference	2,404	31,206
Percentage of present value of plan assets	<u>0.7 %</u>	<u>9.3 %</u>
<i>Experience (losses)/gains on plan liabilities</i>		
Difference	(5,305)	1,487
Percentage of present value of plan liabilities	<u>(1.7)%</u>	<u>0.5 %</u>

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the Balance Sheet date are as follows:

	2020	2019
	%	%
Discount rate for plan liabilities	1.75	1.75
Rate of general long-term increase in salaries	3.25	3.25
Pension increases	3.20	3.20
RPI inflation	3.25	3.25
CPI inflation	2.45	2.25

Post retirement mortality assumptions

	2020	2019
	Years	Years
Current UK pensioners at retirement age - male	23.10	22.90
Current UK pensioners at retirement age - female	25.00	24.80
Future UK pensioners at retirement age - male	24.80	24.70
Future UK pensioners at retirement age - female	26.90	26.70

The assumptions used were set by the Company's Directors, after taking advice from a qualified independent actuary. The assumptions take account of the requirements of IAS 19 *Employee Benefits* and were chosen after consideration of factors such as the financial market conditions as at 31 August 2020, the benefits provided by the APP, the characteristics of the plan's members and the nature of the assets held by the plan as at 31 August 2020. The Directors are satisfied that the assumptions are in line with those that would typically be used in respect of other comparable UK pension plans.

Accenture (UK) Limited**Notes to the Financial Statements for the year ended 31 August 2020 (continued)****9 Retirement benefit asset (continued)****Defined benefit plans (continued)**

	2020	2019
	£ 000	£ 000
Amount recognised in operating profit		
Current and past service cost	552	1,828
Amounts recognised in finance income or costs		
Net interest income	(297)	(820)
Total recognised in the Profit and Loss Account	255	1,008

Amounts recognised in the Statement of Comprehensive Income

Return on plan assets in excess of that recognised in net interest	2,404	31,206
Actuarial losses due to changes in financial assumptions	(8,637)	(44,646)
Amounts recognised in the Statement of Comprehensive Income	(6,233)	(13,440)

The cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income as of 31 August 2020 is £38,150,000 (2019: £31,917,000).

Sensitivity of pension asset to judgemental assumptions

The key assumption used in the pension plan valuation is the discount rate. If a different discount rate assumption was used, this could have a material effect on the results disclosed. An increase in the discount rate of 0.5% would have resulted in a decrease in service costs of £67,000 and a decrease in the defined benefit obligation of £27,694,000 as at 31 August 2020.

	2020		
	Current values £ 000	Increase in the discount rate of 0.5% £ 000	Adjusted values £ 000
Service cost	552	(67)	485
Defined benefit obligation	309,297	(27,694)	281,603

The sensitivity analysis above is derived through changing the individual assumption while holding all other assumptions constant.

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)
10 Income tax

	2020	2019
	£ 000	£ 000
Taxation recognised in the Profit and Loss Account		
Current taxation		
Corporation tax charge	22,178	41,351
Foreign withholding tax	2,163	3,461
Changes in estimates related to prior years	(1,783)	(10,108)
	<u>22,558</u>	<u>34,704</u>
Deferred taxation		
Origination and reversal of timing differences	2,235	(4,011)
Effects of changes in tax rates	(2,851)	(229)
Adjustments in respect of prior years	67	(3)
Total deferred taxation	<u>(549)</u>	<u>(4,243)</u>
Tax expense in the Profit and Loss Account	<u>22,009</u>	<u>30,461</u>
Taxation recognised in the Statement of Comprehensive Income		
Deferred taxation on post employment benefit obligations	(1,183)	(2,340)
Deferred taxation on change in fair value of cash flow hedge transferred from equity	(2,480)	(275)
Deferred taxation on effective portion of changes in fair value of cash flow hedge	(2,441)	5,453
	<u>(6,104)</u>	<u>2,838</u>
Taxation recognised within capital contribution		
Current tax benefit excess on exercise of share based payments	(9,018)	(6,362)
Deferred tax movement on unexercised share based compensation	(2,408)	(3,404)
	<u>(11,426)</u>	<u>(9,766)</u>

The corporation tax charge for the year differs to the charge that would result from applying the applicable corporation tax rate to the profit on ordinary activities. The differences are outlined as follows:

	2020	2019
	£ 000	£ 000
Profit before tax	<u>112,377</u>	<u>206,199</u>
Effects of:		
Corporation tax at a rate of 19% (2019: 19%)	21,352	39,178
Expenses non-deductible for tax purposes	1,616	(1,138)
Non-taxable income	(96)	(227)
Group relief	(651)	(297)
Foreign withholding tax	2,163	3,461
Effect of change in tax rate	(2,851)	(229)
Other differences	(1,863)	(176)
Changes in estimates related to prior year	2,339	(10,111)
Total tax charge	<u>22,009</u>	<u>30,461</u>

The corporation tax rate in 2020 is 19% (2019: 19%). Reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was enacted by Finance Act 2016. This reduction of the rate of corporation tax to 17%

Accenture (UK) Limited

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

10 Income tax (continued)

will no longer take place, following enactment of Finance Act 2020. The 19% rate continues and deferred tax has therefore been recognised at 19%.

11 Deferred taxation

Current year movement:

	Net balance at 1 September 2019	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Acquired in business combinations	Net balance at 31 August 2020
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Property, plant and equipment	7,304	(44)	—	—	329	7,589
Share based payments	32,243	1,643	—	2,408	—	36,294
Derivatives	(4,768)	—	4,921	—	—	153
Retirement benefits	(1,495)	(1,566)	1,183	—	—	(1,878)
Intangible assets / contracts in progress	(2,772)	545	—	—	(2,710)	(4,937)
Carry forward of tax losses	—	(29)	—	—	—	(29)
Deferred tax assets	30,512	549	6,104	2,408	(2,381)	37,192

Prior year movement:

	Net balance at 1 September 2018	Recognised in profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Acquired in business combinations	Net balance at 31 August 2019
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Property, plant and equipment	7,374	(70)	—	—	—	7,304
Share based payments	24,008	4,831	—	3,404	—	32,243
Derivatives	410	—	(5,178)	—	—	(4,768)
Retirement benefits	(2,847)	(988)	2,340	—	—	(1,495)
Intangible assets / contracts in progress	(3,271)	499	—	—	—	(2,772)
Carry forward of tax losses	29	(29)	—	—	—	—
Deferred tax assets	25,703	4,243	(2,838)	3,404	—	30,512

In accordance with IAS 12 *Income Taxes*, a rate of 19% has been used as a basis for the calculation of deferred tax (2019: 17%).

Accenture (UK) Limited

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

12 Intangible assets

	Goodwill £ 000	Customer relationships £ 000	Software £ 000	Total £ 000
Cost				
At 1 September 2019	1,783,178	27,106	11,387	1,821,671
Additions	—	6	249	255
Acquired through business combinations	60,300	14,255	—	74,555
Disposals	—	(1,634)	(263)	(1,897)
At 31 August 2020	1,843,478	39,733	11,373	1,894,584
Amortisation				
At 1 September 2019	—	11,736	10,753	22,489
Amortisation charge	—	5,145	428	5,573
Amortisation eliminated on disposals	—	(1,634)	(263)	(1,897)
At 31 August 2020	—	15,247	10,918	26,165
Carrying amount				
At 31 August 2020	1,843,478	24,486	455	1,868,419
At 31 August 2019	1,783,178	15,370	634	1,799,182

Goodwill arose primarily on the acquisition by the Company of Accenture plc (Gibraltar) trade and assets in 2003 for £1,923,681,000. The carrying value of goodwill in respect of this acquisition at 31 August 2020 is £1,587,855,000 (2019: £1,587,855,000).

Goodwill is subject to impairment testing when an indicator of impairment is considered to exist. No impairment charge was recognised by the Company in 2020 (2019: £Nil).

The recoverable amount of goodwill is determined based on value in use calculations. The carrying value of goodwill is compared to its value in use. Value in use is calculated on the basis of estimated future cash flows discounted to present value.

Estimated future cash flows were determined by reference to the budget 2021 and management reviewed forecasts for each of the following years from 2022 to 2025 inclusive. A long-term perpetuity growth rate was applied in respect of the years after 2025. The estimates of future cash flows were based on consideration of past experience together with an assessment of the future prospects for the Company.

The key assumptions used in the value in use calculations are the revenue growth rate, the discount rate and the perpetuity growth rate. Revenue growth rate range of 2% to 4% has been applied in the impairment review for the years from 2021 to 2025. The discount rate used in the impairment review was 8.98% (2019: 6.9%), being the Company's weighted average cost of capital. The perpetuity growth rate used was 4% (2019: 4%).

The value in use calculations are sensitive to changes in assumptions, particularly relating to revenue growth, the discount rate and the nominal growth rate in perpetuity. Sensitivity analysis was performed based on changes in each of these factors. A reduction in the revenue growth rate of 200 basis points would not give rise to an impairment. An increase in the discount rate of 200 basis points would not give rise to an impairment. A reduction in the nominal growth rate in perpetuity of 200 basis points would not give rise to an impairment. Allowing for reasonable possible changes in any of the other key assumptions would not give rise to an impairment.

Accenture (UK) Limited

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

13 Acquisitions

During the year the Company acquired the trade and selected assets and liabilities of the following companies:

- On 31 October 2019, the Company acquired the trade and certain assets and liabilities of ?What if! Limited for consideration of £28,131,180. The principal activity of ?What if! Limited is to advise clients in innovating its businesses, products and services.
- On 1 February 2020, the Company acquired the trade and certain assets and liabilities of Parker Fitzgerald Limited for consideration of £32,201,012. The principal activity of Parker Fitzgerald Limited is to offer advisory in risk management, assurance, digital strategy and solution services.
- On 31 March 2020, the Company acquired the trade and certain assets and liabilities of Pragsis Bidoop UK Limited for consideration of £1.
- On 1 April 2020, the Company acquired the trade and certain assets and liabilities of Happen Ltd. for consideration of £6,060,536. The principal activity of Happen Ltd. is to provide innovative agent services.
- On 30 April 2020, the Company acquired certain assets and liabilities of Computer Associates UK limited for consideration of £560,252.
- On 1 May 2020, the Company acquired the trade and certain assets and liabilities of Bow & Arrow Limited for consideration of £14,348,554. The principal activity of Bow & Arrow Limited is to provide consultancy and design services for its clients.
- On 1 August 2020, the Company acquired the trade and certain assets and liabilities of Yesler Limited for consideration of £352,110.

During the year ended 31 August 2019, the Company acquired the trade and certain assets and liabilities of the following companies:

- On 1 October 2018, the Company acquired the trade and certain assets and liabilities of Certus Solutions Consulting Services Limited for consideration of £16,922,379. The principal activity of Certus Solutions Consulting Services Limited is to offer Oracle Cloud implementation services.
- On 5 February 2019, the Company acquired the trade and assets of Kogentix Limited for consideration of £11.

	2020	2019
The fair values of assets and liabilities acquired are set out below:	£ 000	£ 000
Intangible asset - customer relationships (Note 12)	14,255	1,715
Tangible assets (Note 14)	1,722	37
Trade and other receivables	20,478	4,556
Deferred income	(7,046)	(573)
Other non-current assets	174	4
Trade and other payables	(8,184)	(1,186)
Corporation tax (liability)	(43)	(349)
	<hr/> 21,355	<hr/> 4,204
Goodwill	60,300	12,718
Consideration	<hr/> 81,654	<hr/> 16,922
	<hr/>	<hr/>
	2020	2019
Satisfied by:	£ 000	£ 000
Amounts owed to group companies	68,452	13,785
Contingent consideration	13,202	3,137

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

13 Acquisitions (continued)

	Fair Values	Consideration	Goodwill
	£ 000	£ 000	£ 000
Total acquisitions	<u>21,355</u>	<u>81,654</u>	<u>60,300</u>

The book values outlined equates to the fair values of the assets and liabilities at the date of acquisition other than adjustments for goodwill, intangible assets and related deferred tax.

14 Tangible assets

	Right of use (Leases)	Leasehold improvement	Furniture and fixtures	Computer related equipment	Total £ 000
Cost					
At 31 August 2019	—	55,991	7,914	54,395	118,300
IFRS 16 Leases	166,255	—	—	—	166,255
At 1 September 2019	<u>166,255</u>	<u>55,991</u>	<u>7,914</u>	<u>54,395</u>	<u>284,555</u>
Additions	—	3,745	335	6,450	10,530
Acquisitions (acquired as part of business combinations)	—	1,330	16	376	1,722
Disposals	(1,644)	(2,336)	(1,597)	(5,992)	(11,569)
At 31 August 2020	<u>164,611</u>	<u>58,730</u>	<u>6,668</u>	<u>55,229</u>	<u>285,238</u>
Depreciation					
At 31 August 2019	—	33,389	4,397	42,771	80,557
IFRS 16 Leases	—	—	—	—	—
At 1 September 2019	<u>—</u>	<u>33,389</u>	<u>4,397</u>	<u>42,771</u>	<u>80,557</u>
Disposals	(747)	(2,235)	(1,541)	(5,869)	(10,392)
Charge for the year	24,912	3,776	586	8,634	37,908
At 31 August 2020	<u>24,165</u>	<u>34,930</u>	<u>3,442</u>	<u>45,536</u>	<u>108,073</u>
Carrying amount					
At 31 August 2020	<u>140,446</u>	<u>23,800</u>	<u>3,226</u>	<u>9,693</u>	<u>177,165</u>
At 31 August 2019	<u>—</u>	<u>22,602</u>	<u>3,517</u>	<u>11,624</u>	<u>37,743</u>

Leases

Right of Use Asset

A new accounting standard, IFRS 16 Leases, was adopted with effect from 1 January 2019. The standard requires leases which were previously treated as operating leases to be recognised as a lease liability with the associated asset capitalised and treated as a right of use asset. On 1 September 2019 £211m of leases were recognised as liabilities on adoption of the standard and £166m capitalised as right of use assets. For the year ended 31 August 2020, depreciation on the right of use assets was £25m and associated lease rentals decreased by £21m leading to an increase in operating profit of £3.6m. The interest charge on the associated leases was £7.1m and the aggregate impact of IFRS 16 on profit before tax was a decrease of £2.4m.

As of August 31, 2020, the weighted average discount rate is 2.47%.

Information about assumptions and judgements made in applying IFRS16 on this financial statements is included in the note 26 - Accounting estimates and judgments.

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

14 Tangible assets

Leases (continued)

Lease Liability (Note 17)

	2020
	£ 000
At 1 September 2019	211,265
Additions	8,689
Payments	(33,193)
Interest on liabilities	4,866
Modifications and others	(1,850)
At 31 August 2020	189,777
Split as follows:	
Current liability	28,344
Non-current liability	161,433
At 31 August 2020	189,777

Reconciliation of IAS 17 operating lease commitments and IFRS 16 lease liability

	2019
	£ 000
Operating lease commitment at 31 August 2018 as disclosed in the Company's financial statements	168,946
Impact of discounting	(23,483)
Recognition exemption for short term and low value assets and other adjustments	65,802
Lease liabilities recognised at 1 September 2019	211,265

Maturity analysis of contractual undiscounted cash flow:

At 31 August, the future lease payments to be made under leases are as follows:

	2020	2019
	£ 000	£ 000
Payable in less than one year	28,635	21,161
Payable between one and five years	101,035	69,202
Payable after more than 5 years	79,947	78,583
	209,616	168,946

Accenture (UK) Limited**Notes to the Financial Statements for the year ended 31 August 2020 (continued)****15 Investments**

Group undertakings unlisted	Total £ 000
Cost	
At 1 September 2018	179,803
Additions	163,465
Disposals	(10,588)
At 31 August 2019	332,680
At 1 September 2019	332,680
Additions	181,391
Disposals/dissolutions	(16,415)
At 31 August 2020	497,656
Provision for impairment	
At 1 September 2018	123,375
Charge for the year	—
At 31 August 2019	123,375
At 1 September 2019	123,375
Charge for the year	9,807
At 31 August 2020	133,182
Net book value	
At 31 August 2020	364,474
At 31 August 2019	209,305

During the year the Company acquired and disposed the following:

- On 17 October 2019, the Company acquired 100% of the issued share capital of Happen GP Limited for consideration of £9,699,986. The principal activity of Happen Ltd. is to provide innovative agent services.
- On 30 October 2019, the Company acquired 100% of the issued share capital of Bow & Arrow Limited for consideration of £14,214,673. The principal activity of Bow & Arrow Limited is to provide consultancy and design services for its clients.
- On 28 February 2020, the Company acquired 100% of the issued share capital of Mudano Limited for consideration of £36,609,119. The principal activity of Mudano Limited is to provide premium data consulting services, fintech data solutions and project management platform.
- On 5 March 2020, the Company acquired 100% of the issued share capital of Context Information Security Limited for consideration of £99,098,736. The principal activity of Context Information Security Limited is to provide integrated cyber technical services.
- On 1 May 2020, the Company acquired 100% of the issued share capital of Callisto Integration Europe Ltd. for consideration of CA\$409,010 (£232,630). The principal activity of Callisto Integration Europe Ltd. is to provide services of design, development and implementation of advanced system for the industry.
- On 1 July 2020, the Company acquired 100% of the issued share capital of Yesler Limited for consideration of \$440,000 (£355,511). The principal activity of Yesler Limited is to provide advertising and marketing services.
- On 13 August 2020, the Company acquired 100% of the issued share capital of Zebra Worldwide Group Limited for consideration of \$24,783,000 (£19,032,353). The principal activity of Zebra Worldwide Group Limited is the provision of strategic, creative, production, post-production and localisation services to advertisers of industry.

15 Investments (continued)

- Certus Solutions Consulting Services Limited was placed into liquidation on 6 November 2019 and the liquidations dividends of £16,922,379 were paid during the year. Therefore, the investment cost of £16,414,670 was written off. The gain related with this transaction is £507,708.

During the year ended 31 August 2019 the Company acquired and disposed the following:

- On 28 February 2019, the Company acquired 100% of the issued share capital of ?What if! Holdings Limited, a privately owned innovation and growth consultancy, specialising in creating new brands, products, services and business models for consideration of £48,628,760.
- On 1 May 2019, the Company acquired 100% of the issued share capital of Droga5 UK Limited for consideration of £16,923,444. The principal activity of Droga5 UK Limited is to offer strategy, brand design, marketing and implementation services.
- On 16 May 2019, the Company acquired 100% of the issued share capital of Karmarama Limited for consideration of £43,685,564. The principal activity of Karmarama Limited is to deliver creative solutions for clients.
- On 9 August 2019, the Company acquired 100% of the issued share capital of Parker Fitzgerald Limited for consideration of £38,159,822. The principal activity of Parker Fitzgerald Limited is to offer advisory in risk management, assurance, digital strategy and solution services.
- On 30 August 2019, the Company acquired 100% of the issued share capital of Orbium Consulting Limited for consideration of \$10,388,000 (£8,527,613). The principal activity of Orbium Consulting Limited is to offer Avaloq implementation services.
- On 30 August 2019, the Company acquired 100% of the issued share capital of Mackevision UK Limited for consideration of \$6,736,000 (£4,765,787). The principal activity of Mackevision UK Limited is to offer 3D content services.
- Focus Group Europe Limited was dissolved on 29 August 2019.

In accordance with IAS 36 *Impairment of Assets*, investments are subject to an impairment review when an indicator of impairment is considered to exist. The impairment review was performed on 31 August 2020 using the net asset method which resulted in the impairment charge of £9,807,000 (2019: £Nil).

Accenture (UK) Limited

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

15 Investments (continued)

As at 31 August 2020 the Company owns ordinary shares (direct and indirect investments) in the following entities:

Name	Principal Activity	Country of incorporation	Registered Office	Share holding 2020	Share holding 2019
Accenture HR Services Limited	Dormant	UK	81 Station Road, Marlow, Buckinghamshire, SL7 1NS.	100%	100%
Imagine Broadband (USA) Limited	Dormant	UK	30 Fenchurch Street, London, EC3M 3BD	100%	100%
Accenture Post-Trade Processing Ltd	Consulting	UK	30 Fenchurch Street, London, EC3M 3BD	100%	100%
Imagine Broadband LLC	Dormant	UK	30 Fenchurch Street, London, EC3M 3BD	100%	100%
Cutting Edge Solutions Limited	Dormant	UK	C/O Quantuma Llp, High Holborn House, 52-54 High Holborn, London, WC1V 6RL.	100%	100%
Seabury Aviation & Aerospace (UK) Limited	Dormant	UK	81 Station Road, Marlow, Buckinghamshire, SL7 1NS.	100%	100%
Genfour Ltd	Dormant	UK	81 Station Road, Marlow, Buckinghamshire, SL7 1NS.	100%	100%
Certus Solutions Consulting Services Limited	Dormant	UK	C/O Quantuma Llp, High Holborn House, 52-54 High Holborn, London, WC1V 6RL.	100%	100%
?WhatIf! Holdings Limited	Dormant	UK	30 Fenchurch Street, London, EC3M 3BD	100%	100%
?WhatIf! Limited	Dormant	UK	30 Fenchurch Street, London, EC3M 3BD	100%	100%
?WhatIf! China Holdings Limited	Dormant	UK	30 Fenchurch Street, London, EC3M 3BD	100%	100%
?Whatif! Innovation Singapore Holdings Pte. Ltd.	Dormant	Singapore	7 Straits View, Singapore	100%	100%
?What if! Shangai WOFE	Dormant	China	134 Xinle, Shangai, 200043	100%	100%
Orbium Consulting Limited	Consulting	UK	Sixth Floor, 41 Eastcheap, London, United Kingdom, EC3M 1DT.	100%	100%
Mackevision UK Limited	Dormant	UK	30 Fenchurch Street, London, EC3M 3BD.	100%	100%
Parker Fitzgerald Limited	Dormant	UK	17th Floor, Heron Tower, 110 Bishopsgate, London, EC2N 4AY.	100%	100%
Parker Fitzgerald Services Limited	Dormant	UK	17th Floor, Heron Tower, 110 Bishopsgate, London, EC2N 4AY.	100%	100%
Parker Fitzgerald Solutions Limited	Dormant	UK	17th Floor, Heron Tower, 110 Bishopsgate, London, EC2N 4AY.	100%	100%
Parker Fitzgerald International Limited	Dormant	UK	17th Floor, Heron Tower, 110 Bishopsgate, London, EC2N 4AY.	100%	100%
Parker Fitzgerald Inc.	Dormant	USA	251 Little Falls Drive, Wilmington, DE 19808	100%	100%
Parker Fitzgerald Pty Ltd	Dormant	Australia	Level 26, 44 Market Street, Sydney NSW 2000	100%	100%

Accenture (UK) Limited

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

15 Investments (continued)

Name	Principal Activity	Country of incorporation	Registered Office	Share holding 2020	Share holding 2019
Droga5 UK Limited	Consulting	UK	30 Fenchurch Street, London, EC3M 3BD.	100%	100%
Karmarama Limited	Consulting	UK	30 Fenchurch Street, London, EC3M 3BD.	100%	100%
Kream Comms Limited	Consulting	UK	30 Fenchurch Street, London, EC3M 3BD.	100%	100%
Nice Agency Limited	Consulting	UK	30 Fenchurch Street, London, EC3M 3BD.	100%	100%
Kaper Communications Limited	Dormant	UK	C/O Quantuma Llp, High Holborn House, 52-54 High Holborn, London, WC1V 6RL.	100%	100%
Bow & Arrow Limited	Dormant	UK	25 Soho Square, London, W1D 4FA	100%	0%
Mudano Limited	Consulting	UK	120 Old Broad Street, London, EC2N 1 AR	100%	0%
Happen GP Limited	Dormant	UK	1 London Street, Reading, Berkshire, RG1 4QW	100%	0%
Happen Ltd.	Dormant	UK	1 London Street, Reading, Berkshire, RG1 4QW	100%	0%
Context Information Security Limited	Consulting	UK	11 Welstferry Circus, London, E14 4HD	100%	0%
Zebra Worldwide Group Limited	Consulting	UK	89 Warwick Road, London, N11 2SP	100%	0%
Creative Drive EMEA Ltd	Consulting	UK	89 Warwick Road, London, N11 2SP	100%	0%
Zebra Worldwide Media Pty	Consulting	ZA	14 Portswood Rd, Green Point, Cape Town, 8051, South Africa	100%	0%
Zebra Worldwide SAS	Consulting	FR	33 Rue Truffaut 75017 Paris	100%	0%
Callisto Integration Europe Ltd.	Consulting	UK	Warwick Innovation Centre, Warwick Technology Park, Gallows Hill, Warwick, CV34 6UW	100%	0%
Callisto Integration B.V. Ltd.	Consulting	NL	Gustav Mahlerplein 90, 1082 MA Amsterdam	100%	0%
Yesler Limited	Consulting	UK	30 Fenchurch Street, London, EC3M 3BD	100%	0%

Accenture Azerbaijan Limited was dissolved on 30 June 2020.

Accenture HR Services Limited was placed into liquidation during 2016 as part of the Company's ongoing initiative to rationalise its organisational structure. Cutting Edge Solutions Limited and Kaper Communications Limited were placed in liquidation in the previous year. Certus Solutions Consulting Services Limited was placed into liquidation on 6 November 2019 and Parker Fitzgerald Services Limited, Parker Fitzgerald Solutions Limited and Parker Fitzgerald International Limited were placed into liquidation on 29 July 2020. The liquidation process is ongoing.

None of the shares of the above subsidiary undertakings are listed. In the opinion of the Directors the shares in and loans to the Company's subsidiaries is worth at least the amounts at which they are stated in the Balance Sheet.

Accenture (UK) Limited

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

16 Debtors

	2020	2019
	£ 000	£ 000
Debtors amounts due within one year		
Trade receivables	296,340	366,687
Contract assets	24,667	12,780
Amounts owed from group companies	110,150	75,212
Other receivables	39,357	19,181
Derivative financial instruments (Note 18)	3,811	14,708
Income tax assets	14,083	—
Lease receivables	4,681	—
Prepayments	10,149	11,224
	<u>503,238</u>	<u>499,792</u>
	2020	2019
	£ 000	£ 000
Debtors amounts due after more than one year		
Other receivables	22,099	19,507
Contract assets	27,300	44,930
Derivative financial instruments (Note 18)	1,615	14,158
Deferred tax assets	37,192	30,512
Retirement benefit assets	16,977	20,466
Lease receivables	34,306	—
	<u>139,489</u>	<u>129,573</u>

Amounts owed from group companies earn interest at various rates (2% to 5%) and are repayable on demand.

The carrying value of trade and other receivables equates to their fair value due to their short-term maturities. The maximum exposure to credit risk for trade and other receivables at the reporting date is their carrying amount.

Expected credit losses on trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables and contract assets are regularly monitored. Trade receivables are non-interest bearing and are generally issued with credit terms of 0-30 days.

An impairment analysis is performed at each reporting date using the provision matrix below to measure the ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation of the ECL reflects reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Loss rates are based on actual credit loss experience over a period of at least 6 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Accenture (UK) Limited
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

17 Creditors

	2020	2019
	£ 000	£ 000
Amounts falling due within one year		
Trade payables	47,412	24,008
Amounts owed to group companies	403,323	332,932
VAT payable	138,957	51,519
Payroll withholding taxes and social charges	64,168	80,319
Long term incentive liability - current portion	94,563	86,675
Other payables	13,548	7,852
Accruals	100,640	131,848
Income tax liability	—	11,214
Derivative financial instruments (Note 18)	2,778	217
Contract liabilities	132,596	152,638
Provisions (Note 20)	293	944
Restructuring provision (Note 20)	48,320	1,609
Lease liability	28,344	—
	1,074,942	881,775

Amounts owed to group companies are charged at a rate of interest (2% to 5%) in line with the London Interbank Offer Rate (LIBOR) and are repayable on demand.

	2020	2019
	£ 000	£ 000
Amounts falling due after more than one year		
Accruals	19,442	13,387
Contract liabilities	72,759	72,751
Derivative financial instruments (Note 18)	3,451	601
Long term incentive liability	63,912	91,162
Lease liability	161,433	—
	320,997	177,901

Accenture (UK) Limited**Notes to the Financial Statements for the year ended 31 August 2020 (continued)****18 Derivative financial instruments**

Forward foreign exchange contracts	2020	2020	2019	2019
	£ 000	£ 000	£ 000	£ 000
	Assets	Liabilities	Assets	Liabilities
Current	3,811	(2,778)	14,708	(217)
Non-current	1,615	(3,451)	14,158	(601)

Assets and liabilities relating to derivative financial instruments represents the fair value of open forward foreign exchange contracts which the Company is a party to at the year end. The fair value of these open positions is calculated by reference to the forward foreign exchange rates at the year end. During the year ended 31 August 2020, the fair value of the Company's foreign exchange hedges decreased significantly mainly due to the strengthening of the Pound Sterling against the Indian Rupee.

The gains and losses arising from cash flow hedging positions are recognised in reserves until they are realised. The position recognised in reserves is recognised net of deferred tax.

The cash flow hedge reserve shows fair value loss of (£651,000), (net of deferred tax) as at 31 August 2020 (2019: £23,279,053 gain). This represents the mark to market gains on the Company's portfolio of forward foreign exchange contracts at the year end date (net of deferred tax). This movement in the fair value of forward foreign exchange contract loss of (£23,930,000) (2019: £25,281,256 gain) has been recognised in the Statement of Comprehensive Income. The gain relating to cash flow hedges that was recognised in cost of sales for the year ended 31 August 2020 was £6,738,208 (2019: £13,759,838).

The notional principal amounts of the outstanding forward foreign exchange contract at 31 August 2020 were £380,747,880 (2019: £377,298,000). These forward foreign contracts are to mature within one to three years as per analysis below:

	2020	2019
	£ 000	£ 000
Mature within one year	194,433	243,902
Mature within two years	125,701	88,912
Mature within three years	60,614	44,484
	<u>380,748</u>	<u>377,298</u>

Accenture (UK) Limited

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

19 Share based payments

The Company participates in six RSU plans operated by the Company's ultimate parent undertaking for employees and executives of group companies, including the Company. Under these plans, participants may be granted restricted stock units, each of which represents an unfunded, unsecured right, which is non-transferable except in the event of death of the participant, to receive an Accenture plc Class A ordinary share on the date specified in the participant's award agreement. RSUs lapse on the date of cessation of the participant as an employee of an Accenture plc group company. The restricted share units granted under these plans are subject to cliff or graded vesting conditions, generally ranging from two to seven years. For awards with graded vesting conditions, the compensation expense is recognised over the vesting term of each separate vesting portion. The compensation expense is recognised on a straight-line basis for awards with cliff vesting conditions. Due to the similarity of the plans, they have been valued and modelled as one plan. All RSUs are settled by physical delivery of Accenture plc Class A shares.

The outstanding liability of Restricted Share Units at the balance sheet date are valued using the group's treasury stock price on a FIFO basis. For RSUs that were delivered during the year, the weighted average share price at the date of exercise was \$203.86 (2019: \$150.12). The RSUs outstanding at 31 August 2020 have a weighted average remaining vesting period of 1.58 years (2019: 1.65 years). The value of services received in return for the RSUs granted is based on the fair value of the RSUs granted, measured using the fair market value of the share.

Employee Share Purchase Plan (ESPP)

The Company participates in an Employee Share Purchase Plan (ESPP) operated by the ultimate parent undertaking, Accenture plc. The ESPP is a non-qualified plan that provides eligible employees an opportunity to purchase Accenture plc Class A ordinary shares through payroll deductions. The terms of the plan allow participants to purchase a defined number of shares (subject to certain restrictions) at a discount on market price. The discount shall not be more than 15% of the fair market value of the shares. The expense recognised by the Company in respect of the ESPP represents the discount on market price received by participants in the year.

20 Provisions

	Office lease incentive	Restructuring provision	Dilapidations	Lease abandonment	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
As at 1 September 2019	7,594	1,609	8,318	1,602	19,123
Recognised during the year	—	59,919	1,664	—	61,583
Utilised during the year	—	(13,208)	(861)	—	(14,069)
Reclassification to Lease Liability	(7,594)	—	—	(1,602)	(9,196)
Accretion charge for the year	—	—	347	—	347
As at 31 August 2020	—	48,320	9,468	—	57,788
Non-current liabilities	—	—	9,175	—	9,175
Current liabilities	—	48,320	293	—	48,613

Accenture (UK) Limited

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

20 Provisions (continued)

	Office lease incentive	Restructuring Provision	Dilapidations	Lease abandonment	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 September 2018	8,345	688	7,601	2,294	18,928
Recognised during the year	1,179	11,809	1,056	117	14,161
Released during the year	—	(10,888)	(654)	—	(11,542)
Utilised during the year	(1,930)	—	—	(930)	(2,860)
Accretions charge for the year	—	—	315	121	436
As at 31 August 2019	7,594	1,609	8,318	1,602	19,123
Non-current liabilities	7,594	—	7,621	1,355	16,570
Current liabilities	—	1,609	697	247	2,553

Office lease incentive

The office lease incentive relates to reduced rent payments during certain periods of property leases. Rental expenses are recognised on a straight-line basis over the life of the lease. It is expected that the costs will be incurred up until 2029. In 2020, this incentive was reclassified to Lease Liability due to IFRS 16.

Dilapidations

Provision has been made for the costs expected to be incurred in returning leasehold premises to their original state when exiting at the conclusion of the agreement. It is expected that the costs will be incurred up until 2029.

Lease abandonment

A provision is recognised for expected future costs relating to the abandonment of leasehold premises. It is expected that these costs will be incurred over the life of the property leases. It is expected that the costs will be incurred up until 2029. In 2020, this incentive was reclassified to Lease Liability due to IFRS 16.

Restructuring provision

In July 2020, the Company announced a redundancy programme to address an overcapacity in its employee cost base that existed before the pandemic and made worse by reduced natural attrition from the crisis. Following the announcement of the plan, the Company recognised a provision of €48m for expected restructuring costs. Estimated restructuring costs include employee termination benefits and are based on a detailed plan agreed between management and employee representatives.

21 Share capital

Each share is entitled to a pro rata share of any dividend at the times and in the amounts, if any, which Accenture (UK) Limited's Board of Directors from time to time determines to declare. Each common share is entitled, on winding-up of Accenture (UK) Limited, to be paid a pro rata share of the value of the assets of Accenture (UK) Limited remaining after the payment of its liabilities. Holders of Accenture (UK) Limited shares are entitled to one vote per share.

Allotted, called up and fully paid shares

	2020		2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	1,026,000	1,026,000	1,026,000	1,026,000

Accenture (UK) Limited

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

22 Commitments

The Company had no capital commitments contracted for but not provided in the financial statements at the end of the year (2019: £Nil).

23 Contingent assets

At 31 August 2020, the Company had no contingent assets (2019: £Nil).

24 Contingent liabilities

At 31 August 2020, the Company had no contingent liabilities (2019: £Nil).

25 Subsequent events

Subsequent to the year end the following events occurred:

- On 1 September 2020, the Company acquired the trade and certain assets and liabilities of Callisto Integration Europe Ltd. The principal activity of Callisto Integration Europe Ltd. is to provide services in design, development and implementation of advanced systems.
- On 1 September 2020, the Company acquired the trade and certain assets and liabilities of Mudano Limited. The principal activity of Mudano Limited is to provide premium data consulting services, fintech data solutions and project management platforms.
- On 1 September 2020, the Company acquired the trade and certain assets and liabilities of Context Information Security Limited. The principal activity of Context Information Security Limited is to provide integrated cyber technical services.
- On 22 October 2020, the Company acquired N3 Results Limited, an outsourcing sales firm.
- On 15 February 2021, the Company acquired Sapling Topco Limited and subsidiaries. The principal activity of the group is to provide solutions and services in on-premise and cloud software.

26 Accounting estimates and judgements

The preparation of the financial statements in accordance with FRS 101 requires management to make certain estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believe that the estimates, assumptions and judgements upon which it relies are reasonable based on the information available to them at the time that those estimates, assumptions and judgements are made. In some cases, the accounting treatment of a particular transaction is specifically dictated by FRS 101 and does not require management's judgement in its application.

Key sources of estimation uncertainty and critical accounting judgements are as follows:

Goodwill

The Company has capitalised goodwill of £1,843,478,000 at 31 August 2020 (2019: £1,783,178,000) as detailed in Note 12 to the financial statements. Goodwill is required to be tested for impairment at least annually or more frequently if changes in circumstances or the occurrence of events indicate potential impairment exists. The Company uses value in use calculations to determine the recoverable amount of goodwill that has an indefinite life. Value in use is calculated as the present value of future cash flows. In calculating value in use, management judgement is required in forecasting cash flows and in selecting an appropriate discount rate and nominal growth rate in perpetuity. No goodwill impairment charge was recognised by the Company in 2020 (2019: £Nil).

Revenue recognition

Revenues from contracts for technology integration consulting services where the Company designs/redesigns, builds and implements new or enhanced systems applications and related processes for its clients are recognised on the percentage-of-completion method, which involves calculating the percentage of services provided during the reporting period compared to the total estimated services to be provided over the duration of the contract.

26 Accounting estimates and judgements (continued)**Revenue recognition (continued)**

Contracts for technology integration consulting services generally span six months to two years. Estimated revenues used in applying the percentage-of-completion method include estimated incentives for which achievement of defined goals is deemed probable. This method is followed where reasonably dependable estimates of revenues and costs can be made. Estimates of total contract revenues and costs are continuously monitored during the term of the contract, and recorded revenues and estimated costs are subject to revision as the contract progresses. Such revisions may result in increases or decreases to revenues and income and are reflected in the Financial Statements in the periods in which they are first identified. If the Company's estimates indicate that a contract loss will occur, a loss provision is recorded in the period in which the loss first becomes probable and reasonably estimable. Contract losses are determined to be the amount by which the estimated total direct and indirect costs of the contract exceed the estimated total revenues that will be generated by the contract and are included in cost of services and classified in other accrued liabilities.

Retirement benefit obligations

The Company operates a defined benefit retirement plan, details of which are as set out in Note 9 to the financial statements. The Company's total obligation in respect of the defined benefit plans is calculated by an independent qualified actuary and updated at least annually and totals £309,297,000 at 31 August 2020 (2019: £316,099,000). Plan assets at 31 August 2020 amounted to £326,274,000 (2019: £336,565,000) giving a net scheme surplus of £16,977,000 (2019: £20,466,000). The size of the obligation is sensitive to actuarial assumptions. The key assumptions are the discount rate, the rate of inflation, life expectancy, pension benefits and rate of salary increases. Plan assets are also sensitive to asset returns and the level of contributions made by the Company.

Leases

As a lessee, substantially all of our lease obligation is for office real estate. Our significant judgments used in determining our lease obligation include whether a contract is or contains a lease and the determination of the discount rate used to calculate the lease liability. We elected the practical expedient not to separate lease and associated non-lease components, accounting for them as a single combined lease component.

Our leases may include the option to extend or terminate before the end of the contractual term and are often non-cancelable or cancellable only by the payment of penalties. Our lease assets and liabilities include these options in the lease term when it is reasonably certain that they will be exercised. In certain cases, we sublease excess office real estate to third-party tenants.

Lease assets and liabilities recognized at the lease commencement date are determined predominantly as the present value of the payments due over the lease term. Since we cannot determine the implicit rate in our leases, we use our incremental borrowing rate on that date to calculate the present value. Our incremental borrowing rate approximates the rate at which we could borrow, on a secured basis for a similar term, an amount equal to our lease payments in a similar economic environment.

Lease abandonment provisions of £Nil (2019: £1,602,000) have been recognised as at 31 August 2020 (Note 20). These provisions relate to payments which the Company is committed to making in respect of leased properties that are no longer being utilised less forecasted sublease income. The Company is actively seeking tenants in respect of a number of these properties. Due to IFRS 16 this has been reclassified as a lease liability.

Dilapidation provisions

The Company has recognised a provision of £9,468,000 (2019: £8,318,000) for the costs expected to be incurred in returning leasehold premises to their original state when exiting at the conclusion of a lease agreement in Note 20. This provision has been estimated using information provided by property surveyors. In calculating this provision, management judgement is required in applying an appropriate discount factor to reflect the time value of money over the remainder of the lease.

26 Accounting estimates and judgements (continued)

Taxation

Management is required to make judgements and estimates in relation to taxation assets and liabilities. The amounts recognised for taxation are based on management's estimate having taken appropriate professional advice.

Share based payments

The assumptions used in determining the amounts charged in the Profit and Loss Account include judgements in respect of performance conditions, length of service, future share prices, dividend, interest rates and exercise patterns.

27 Parent and ultimate parent undertaking

The Company is owned and controlled by Accenture International BV. The Company's ultimate parent entity is Accenture plc a company incorporated in Ireland but which is also designated as a domestic registrant of the Security and Exchange Commission in the United States (SEC). As a consequence, Accenture plc files consolidated financial statements with the Companies Registration Office in Ireland (Irish filing) and with the SEC (SEC filing). The Irish filing, which avails of a special derogation under the Companies Act 2014, is prepared under the US Generally Accepted Accounting Principles (US GAAP) and the Irish Companies Act 2014 and can be obtained from the Company secretary, 1 Grand Canal Square, Grand Canal Harbour, Dublin 2. The SEC filing is prepared in accordance with US GAAP and the regulations of the SEC and is available from www.sec.gov.ie or from the Accenture website (www.Accenture.com/investor).