

Notes to the financial statements continued

2. Revenue continued

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

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

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

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

Disaggregation of revenue

The Group derived revenue from the provision of professional services across the following lines of service:

Line of service	2024 £m	2023 £m
Consulting	2,031	1,725
Audit	1,491	1,351
Tax	1,251	1,208
Deals	1,014	962
Risk	539	546
	6,326	5,792

The Group derived revenue from the provision of professional services across the following industry segments:

Industry segment	2024 £m	2023 £m
Financial services	1,979	1,983
Government and health industries	1,379	1,083
Industrial manufacturing and services	963	894
Consumer markets	796	751
Technology, media and telecommunications	657	620
Energy, utilities and resources	552	461
	6,326	5,792

The table below disaggregates revenue from external clients by managed territory within the Group:

	2024 £m	2023 £m
United Kingdom	4,257	4,139
Middle East	1,973	1,565
Channel Islands	96	88
	6,326	5,792