

**Company Registration No: 03311052**

# **Deloitte MCS Limited**

**Annual Report and Financial Statements**

**For the year ended 31 May 2022**



**Annual Report and Financial Statements 2022**

**Contents**

Officers and Professional Advisers	1
Strategic Report	2 to 9
Directors' Report	10 to 12
Statement of Directors' Responsibilities	13
Independent Auditor's Report to the Members of Deloitte MCS Limited	14 to 17
Profit and Loss Account	18
Balance Sheet	19
Statement of Changes in Equity	20
Notes to the Financial Statements	21 to 37

**Annual Report and Financial Statements 2022**

**Officers and Professional Advisers**

<b>Directors</b>	D L Ward G Bunting S Griggs
<b>Company secretary</b>	Stonecutter Limited 1 New Street Square London EC4A 3HQ
<b>Registered office</b>	1 New Street Square London EC4A 3HQ
<b>Bankers</b>	HSBC Bank PLC - USA 452 5th Avenue New York NY 10018  HSBC Bank PLC - India 1st Floor 16 Veer Nariman Road Fort Mumbai 400 001  Barclays Bank PLC 1 Churchill Place London E14 5HP  Bank of Ireland 2 College Green Dublin D02 VR66
<b>Auditors</b>	BDO LLP 55 Baker Street London W1U 7EU

## **Annual Report and Financial Statements 2022**

### **Strategic Report**

#### **For the year ended 31 May 2022**

The Directors present their Strategic Report for Deloitte MCS Limited (the 'Company') for the year ended 31 May 2022, in compliance with section 414C of the Companies Act 2006.

#### **REVIEW OF THE BUSINESS**

The principal activity of the Company is the provision of consulting services. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

At 31 May 2022, the Company had total assets of £372 million (2021: £298 million) and net assets of £63 million (2021: £96 million). Net assets reduced in the current year because of working capital movements and settlement of a £140 million interim dividend (2021: £80 million).

The Company's trading results are set out in the Profit and Loss account on page 18.

Turnover increased to £1,304 million (2021: £1,124 million). This was attributable to increased demand across the private sector as it rebounded from the constraints of the pandemic.

Staff costs increased to £641 million (2021: £496 million). The higher staff costs resulted from the increase in the average monthly headcount to 6,292 (2021: 5,318).

Other operating expenses for the year were £312 million (2021: £330 million). Staff-related expenses increased in the year, but were more than offset by the foreign exchange gain, a reduction in bad debt expense and a reduction in the charges from Deloitte LLP for certain administrative services, including the provision of premises.

Profit before tax increased to £131 million (2021: £114 million). The Company's effective rate of tax for the year was 19% (2021: 22%), the same as the standard rate of corporation tax in the UK of 19% (2021: higher than the standard rate of corporation tax in the UK of 19%).

Overall, the Directors consider the Company's position at the end of the financial year is adequate and the performance of the Company to be satisfactory and expect it to continue to perform satisfactorily.

## **Annual Report and Financial Statements 2022**

### **Strategic Report**

**For the year ended 31 May 2022 (continued)**

#### **SECTION 172(1) STATEMENT**

This statement describes how the Members of the Board of Directors of the Company (the 'Board') fulfil their obligations under section 172 of the Companies Act 2006.

Section 172 requires that a Director of a company act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, clients and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

The Directors confirm that during the year under review, they have acted to promote the long-term success of the Company for the benefit of its shareholder, having due regard to the likely consequences of any decision in the long term and the broader interests of other stakeholders.

Due to the size and scale of the Company, the Directors delegate authority for the executive management of the Company to the Company's senior management. The Directors routinely monitor the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

#### ***Consequence of any decision in the long term***

The Company is part of Deloitte NSE LLP (Deloitte NSE LLP and its subsidiaries are hereinafter referred to as 'Deloitte NSE'), a member firm of Deloitte Touche Tohmatsu Limited ('DTTL'). As part of Deloitte NSE, the Company has adopted the Deloitte Shared Values which demonstrate how the Company will realise its ambition and grow value for all its stakeholders.

The Directors recognise that the decisions they make today will affect the Company's long-term success and are guided by Deloitte's Shared Values in the decision-making process, specifically, the balance between short-term and long-term investments. Certain values ('Lead the way', 'Collaborate for measurable impact') incorporate our aim to identify and develop new business opportunities that will facilitate sustainable growth in the future.

#### ***Interests of employees***

Employees have a crucial role in delivering against the Company strategy and creating value therefore the maintenance of a diverse and highly skilled workforce is key to the Company's success. To this end, the Company works to attract, develop and retain talent equipped with the right skills and employees are always considered as part of executive management's discussions and decision-making.

The Directors are committed to continuous talent development; equal opportunity, fair pay practices and fostering an inclusive culture; and safe and healthy work environments. During the year, employee health, safety and wellbeing, as well as diversity and inclusion have been a prominent focus of management discussions.

Communication channels with employees and other stakeholder relationships during the year are summarised in the next section.

## **Annual Report and Financial Statements 2022**

### **Strategic Report**

#### **For the year ended 31 May 2022 (continued)**

##### ***Fostering business relationships with our key stakeholders***

###### **Clients**

The principal activity of the Company is the provision of consulting services. Understanding the needs of the Company's clients in a dynamic and changing marketplace helps it to provide more relevant and effective services.

Engagement with the Company's clients includes:

- Continued development of services across each industry sector;
- Experienced marketing and bid teams;
- Analysis of customer renewal cycles and new business opportunities;
- Appointment of relationship managers across key clients; and
- Social media engagement and online tools, including newsletters and thought leadership content.

###### **Employees**

The Company's professionals are the key to its success. They are responsible for performing and managing the services that the Company provides to its clients.

The Company supports its people's health and well-being by providing programs, resources and benefits.

The Company seeks to inform and consult with managers and staff regularly to involve them in the success of the business and to reward their efforts accordingly.

Engagement with the Company's employees includes:

- Annual engagement surveys, town halls, webinars and dedicated health and wellbeing campaigns;
- Deloitte intranet and local sites;
- Regular team and one-to-one meetings and continuous training and professional development; and
- Business resource groups and focus groups.

Specific initiatives include: Expansion of Pay & Inclusion report to disclose data showing disability, sexual orientation and social mobility representation; Fast and the Curious challenge to mark Ramadan; launch of the Neurodiversity Network.

###### **Suppliers**

Certain services the Company provides to its clients depend on services and supplies it procures from different organisations.

Engagement with the Company's suppliers includes:

- Reporting of payment practices and payment terms;
- Contractor surveys, workshops, site visits and direct conversations; and
- Regular meetings with key/preferred suppliers of business support services.

A further description of these activities is located at the Deloitte LLP 2022 Annual Report website at: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/about-deloitte/deloitte-uk-annual-review-2022-business-and-esg-performance-metrics.pdf>

## Annual Report and Financial Statements 2022

### Strategic Report

#### For the year ended 31 May 2022 (continued)

##### *Fostering business relationships with our key stakeholders (continued)*

###### Communities

The Company is committed to addressing some of society's most pressing challenges by supporting local communities through facilitating its professionals to use their skills and expertise to help people and organisations. Engagement with the Company's communities includes social investment programmes, volunteering or working on pro-bono projects and fundraising.

Specific initiatives include:

- 5 Million Futures; and
- WorldClimate.

A further description of these activities is located at the Deloitte LLP 2022 Annual Report website at:

<https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/about-deloitte/deloitte-uk-annual-review-2022-business-and-esg-performance-metrics.pdf>.

##### *Impact of operations on the community and the environment*

The WorldClimate programme is the Company's commitment to achieve science-based net zero across its operations and value-chain, drive responsible climate choices within the organisation and be a catalyst for change. The Company's near-term (2030) greenhouse gas reduction goals have been validated by the Science Based Targets initiative (SBTi) as 1.5 degrees Celsius-aligned, science-based targets. The Company has also committed to set long-term emissions reduction targets based on the guidelines set out in the SBTi Corporate Net-Zero Standard. This encompasses collaborating with clients, alliance partners and suppliers with the goal of reducing our carbon footprints.

##### *Maintaining high standard of business conduct*

Each of the member firms of DTTL is required to conduct business in accordance with applicable laws, regulations and professional standards, providing quality service to clients and building trust and confidence in all markets the company operates in. In addition, Deloitte NSE implements internal policies and standards to address important professional behaviour that may not be governed by professional requirements. Deloitte NSE has also implemented an ethics program which provides support to build ethical judgement and decision-making skills in all employees, further supported by a detailed local codes of conduct easily accessible to all staff. Deloitte NSE has an appointed Ethics Officer, and provides ethics training and channels for consulting on difficult issues and reporting suspected misconduct.

In light of its business and ownership, the Company aligns itself with those goals, and the Board therefore takes all decisions with the aim of maintaining the Company's reputation for high standards of business conduct. The Board promotes a culture of upholding the highest standards of business conduct and regulatory conduct and ensures these core values are communicated to the Company's employees through the organisation's intranet and regular email communications and embedded in the Company's policies and procedures and employee induction and training programmes.

##### *Acting fairly between members*

The Company's direct sole shareholder is D&T Consulting Holdings Limited. The Company's intermediate parent is Deloitte LLP and the ultimate parent undertaking and controlling party is Deloitte NSE LLP. As these entities are part of the DTTL group, the interests of these entities are generally very closely aligned.

## **Annual Report and Financial Statements 2022**

### **Strategic Report**

#### **For the year ended 31 May 2022 (continued)**

##### ***Decision-making in practice***

The major decisions made this year are outlined below. In making these decisions, the interests of and the impact on all stakeholders were considered.

##### ***Investments***

On 9 February, the Company acquired Etain Limited via a share purchase agreement. Etain Limited is one of the UK and Ireland's leading data and digital transformation specialists. This acquisition increases the size of the Company's Artificial Intelligence ('AI') and data solutions practice in Belfast and supports the Company's strategic goal to deliver more ambitious data and digital transformation programmes across the UK.

During the year, management recommended the contribution of additional capital to two trading subsidiaries, ACNE AB and Deloitte MCS AB as well as to its joint venture, DTME 2 LLP.

##### ***Interim dividends***

In reaching a conclusion on the level of dividend to be paid, the Directors assessed the strength of the Company's balance sheet and future prospects relative to uncertainties in the external environment. The Directors recommended an interim dividend of £140 million (2021: £80 million) for the year. In making this decision, the Board considered a range of factors. These included the long-term viability of the Company; its expected cash flow; the ongoing need for strategic investment in the business and workforce and the pricing expectations of its customers and suppliers, as well as the expectation of its parent company.

### **KEY PERFORMANCE INDICATORS**

Key financial and non financial performance indicators for the Company are turnover, profit before tax and staff numbers.

Turnover increased 16% from £1,124 million to £1,304 million and profit before tax increased 15% from £114 million to £131 million. The key non-financial performance indicator for the Company is staff numbers, which increased by 974 (18%) - see Note 4 for more information.

See page 2 for discussion of these key performance indicators.



**Annual Report and Financial Statements 2022**

**Strategic Report**

**For the year ended 31 May 2022 (continued)**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's process of risk acceptance and risk management is addressed by the Enterprise Risk Framework ('ERF') of Deloitte NSE LLP, the ultimate holding and controlling party of the Company.

The ERF sets out the Deloitte NSE Executives' assessment of the risks facing Deloitte NSE, and specifically, those that could impact on the ability of Deloitte NSE to meet its strategy and those that could impact upon the reputation of Deloitte NSE.

Competitive pressure within the UK is a continuing risk for the Company, which could result in it losing revenue to its key competitors. The Company looks to manage this risk by focusing on delivering quality services to clients and achieving high standards in everything it does.

The Company has no third party debt and, therefore, no interest rate exposure.

Credit risk is primarily attributable to receivables from clients (client debtors, amounts to be billed to clients and accrued income). An allowance for impairment is made whenever there is an identified loss event. Client debtors are spread across diverse industries and the Company does not have any significant credit risk exposure to any single industry, counterparty or any group of counterparties having similar characteristics. Credit risks for new and existing clients are assessed as part of the client acceptance processes. In addition, credit risk is managed by maintaining close contact with each client and by routine billing and cash collection as work is completed.

The credit risk on cash at bank and in hand balances is limited. In order to maintain liquidity to ensure that sufficient funds are available, the Company has sufficient lines of credit with the bankers of Deloitte LLP, the Company's intermediate parent.

Risks are discussed in the Deloitte LLP Audit Transparency Report for the year ended 31 May 2022, which does not form part of this report. The Deloitte LLP Audit Transparency Report can be found here: <https://www2.deloitte.com/uk/en/pages/annual-review-2022/audit-transparency-report.html>

**Annual Report and Financial Statements 2022**

**Strategic Report**

**For the year ended 31 May 2022 (continued)**

**GOING CONCERN**

As an integral part of the Deloitte LLP Group (hereinafter referred to as the 'Group'), the going concern basis has been considered at Group level.

In its assessment of going concern, the UK Executive Group and UK Oversight Board ('UKOB') have considered the economic environment and the markets in which the Group operates, as well as considering plausible downside scenarios. The financial modelling shows that the Group's financial position remains robust under all scenarios.

Consequently, the UK Executive Group and the UKOB have, at the time of approving the Group financial statements, a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Group financial statements.

As a result, the Directors of the Company do not foresee a material uncertainty relating to going concern of the Company and therefore the financial statements continue to be prepared on a going concern basis. See Accounting Policies for more information.

**ENVIRONMENT**

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by its activities.

The Company operates in accordance with Deloitte NSE's policies and initiatives which are designed to minimise Deloitte NSE's impact on the environment including recycling, waste management, energy procurement, consumption and greening the supply chain. An Energy and Carbon report has not been included within the report as it is included within the group report of Deloitte NSE. See page 5 for more information.

**DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate adjustments are put in place and/or training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**Annual Report and Financial Statements 2022**

**Strategic Report  
For the year ended 31 May 2022 (continued)**

**FUTURE DEVELOPMENTS**

Other than disclosed in Note 19, there are no further events since the balance sheet dates which would require disclosure in these financial statements.

The Company performed well during the year ended 31 May 2022 and the Directors expect that the Company will continue to perform satisfactorily in 2023.

Approved by the Board of Directors on 1 December 2022  
and signed on behalf of the Board of Directors:

A handwritten signature in black ink, appearing to read 'D L Ward', written over a dotted line.

D L Ward  
Director

**Annual Report and Financial Statements 2022**

**Directors' Report  
For the year ended 31 May 2022**

The Directors present their annual report and the financial statements of the Company for the year ended 31 May 2022.

**DIRECTORS AND THEIR INTERESTS**

The name of the Directors who held office during the year are shown below. All Directors served throughout the year and to the date of this report:

D L Ward  
G Bunting  
S Griggs

No Director had any beneficial interest in the share capital of the Company or any group company except for the fact that all of the Directors are members of Deloitte NSE LLP, the ultimate controlling party at 31 May 2022, and, therefore, had an indirect beneficial interest in the share capital of the Company at 31 May 2022.

**DIVIDENDS**

The directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 31 May 2022 (2021: £Nil).

An interim dividend of £140 million (£32.86 per ordinary share) was declared and settled during the current year. An interim dividend of £80 million (£18.78 per ordinary share) was declared and settled in the prior year.

**DIRECTORS' INDEMNITY**

Deloitte LLP, the Company's intermediate parent, has made qualifying third party indemnity provisions for the benefit of its Directors that remain in force at the date of this report.

**DISCLOSURE AS PART OF STRATEGIC REPORT**

Information regarding the Company's relationships with employees, suppliers and customers, future developments and risk management objectives and policies have been disclosed in the Strategic Report. The Strategic Report is on pages 2 to 9.

## **Annual Report and Financial Statements 2022**

### **Directors' Report For the year ended 31 May 2022 (continued)**

#### **STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS**

For the year ended 31 May 2022, the Company has adopted the Wates Corporate Governance Principles for Large Private Companies. The Directors set out below how the Principles were applied during the year.

##### *Principle 1 - Purpose and leadership*

The principal activity of the Company is the provision of consulting services.

The Company seeks to deliver strong returns through significant cash flow generation and a strong balance sheet, disciplined capital allocation and value-accretive growth and yield. The Company's approach to the payment of dividends is explained in the Strategic Report.

The Company's culture is centered on its shared values:

- Lead the way;
- Serve with integrity;
- Take care of each other;
- Foster inclusion; and
- Collaborate for measurable impact.

##### *Principle 2 - Board composition*

Details of the membership of the Board can be found in the Directors' Report. The Directors have a diverse range of skills, expertise and experience.

Since the Company is a subsidiary trading company within Deloitte NSE, the Directors believe that the Board is of an appropriate size given that all of the Directors are members of Deloitte NSE, the ultimate controlling party, at 31 May 2022.

##### *Principle 3 - Director responsibilities*

During the year the Directors continued to exercise all their duties as set out under Companies Act 2006 as they reviewed and considered proposals from senior management. As explained in the Strategic Report, the Directors fulfil their duties through a governance framework that delegates authority for day-to-day management and decision-making to senior management. The culture, values and standards that underpin this delegation ensure that management is acting in accordance with the strategy and plans set by Deloitte NSE.

##### *Principle 4 - Opportunity and risk*

The Company's approach to strategic opportunities is set out by the Deloitte NSE Executive Group. The Company seeks to capitalise on opportunities (for example, through acquisitions) while mitigating risks where possible.

The Company's principal risks are summarised on page 7.

##### *Principle 5 - Remuneration*

The Directors are remunerated as members of Deloitte LLP. The Directors do not receive any remuneration, from any source, for their qualifying services as Director of the Company.

##### *Principle 6 - Stakeholders*

The Company has set out its key stakeholders and provided examples of how it engages with them within the Section 172 Statement on pages 3 to 4.

**Annual Report and Financial Statements 2022**

**Directors' Report  
For the year ended 31 May 2022 (continued)**

**AUDITOR**

Each of the persons who is a Director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The auditor, BDO LLP, have indicated their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

**REDUCED DISCLOSURES**

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in Financial Reporting Standard 102 issued by the Financial Reporting Council, paragraph 1.12.

Approved by the Board of Directors on 1 December 2022 and signed on its behalf by:



D L Ward  
Director

## **Annual Report and Financial Statements 2022**

### **Statement of Directors' Responsibilities**

The Directors acknowledge their responsibilities for preparing the annual 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

## **Independent Auditor's Report to the Members of Deloitte MCS Limited**

### **Opinion on the financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 May 2022 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Deloitte MCS Limited (the 'Company') for the year ended 31 May 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.



**Independent Auditor's Report to the Members of Deloitte MCS Limited (continued)**

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Other Companies Act 2006 reporting**

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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.

**Responsibilities of Directors**

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

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

**Independent Auditor's Report to the Members of Deloitte MCS Limited (continued)**

**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.

*Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to Deloitte MCS Limited and determined the most significant laws and regulations to be:
  - Those that relate to the reporting framework (FRS 102).
  - Laws and regulations relating to employee matters such as health and safety, equality, bribery and corruption practices.
  - Relevant tax compliance regulations in the jurisdictions in which the entity operates.

**Auditor's responsibilities for the audit of the financial statements (continued)**

- We understood how Deloitte MCS Limited is complying with the relevant legal and regulatory frameworks by making enquiries of management and those charged with governance, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, legal correspondence and correspondence received from regulatory bodies and we agreed the financial statement disclosures through to underlying supporting documentation.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where it is considered there was a susceptibility of fraud. We also considered potential fraud drivers including financially linked performance targets or other pressures, opportunity, and personal or corporate motivations. We obtained an understanding of the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals by identifying those which met a defined criteria and corroborating these on a sample basis through to supporting documentation and management explanations and testing key areas of estimation uncertainty or judgement, for example; valuation of amounts to be billed to customers for which we sampled projects using a risk based approach and assessed the year end position on these by agreeing to related supporting evidence.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

**Independent Auditor's Report to the Members of Deloitte MCS Limited (continued)**

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

**Use of our report**

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Nick Carter-Pegg*

.....B7A585C2373744A.....

Nicholas Carter-Pegg (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

2 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Profit and Loss Account**  
**For the year ended 31 May 2022**

	Note	2022 £ 000	2021 £ 000
<b>Turnover</b>		1,303,533	1,124,220
External charges: expenses and disbursements on client assignments		(216,754)	(182,237)
Staff costs	4	(640,600)	(496,281)
Depreciation, amortisation and impairment	5	(4,239)	(4,867)
Other operating expenses		(312,119)	(329,923)
Other income		803	2,138
<b>OPERATING PROFIT</b>	5	130,624	113,050
Net finance income	6	372	474
<b>PROFIT BEFORE TAX</b>		130,996	113,524
Tax on profit	7	(24,331)	(24,511)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		106,665	89,013

Profit for the financial year represents total comprehensive income as there is no other comprehensive income in the current or preceding year.

All amounts are derived from continuing activities.

**Balance Sheet  
As at 31 May 2022**

	Note	2022 £ 000	2021 £ 000
<b>FIXED ASSETS</b>			
Intangible assets	9	16,544	20,773
Tangible assets		90	100
Investments	10	31,017	29,349
Loans receivable	11	18,946	17,056
		<u>66,597</u>	<u>67,278</u>
<b>CURRENT ASSETS</b>			
Debtors	12	300,263	224,710
Deferred tax assets	7	1,939	3,910
Cash at bank and in hand		3,158	1,834
		<u>305,360</u>	<u>230,454</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(309,066)</u>	<u>(201,449)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(3,706)</u>	<u>29,005</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		62,891	96,283
Provisions		-	(57)
<b>NET ASSETS</b>		<u>62,891</u>	<u>96,226</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	4,261	4,261
Profit and loss account	16	58,630	91,965
<b>SHAREHOLDERS' FUNDS</b>		<u>62,891</u>	<u>96,226</u>

These financial statements of Deloitte MCS Limited, registration number 03311052, were approved by the Board of Directors and authorised for issue on 1 December 2022.

Signed of behalf of the Board of Directors



D L Ward  
Director

**Statement of Changes in Equity  
For the year ended 31 May 2022**

	<b>Share capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
<b>At 1 June 2020</b>	4,261	82,952	87,213
Profit and total comprehensive income for the year	-	89,013	89,013
Dividends (Note 8)	-	(80,000)	(80,000)
<b>At 31 May 2021</b>	4,261	91,965	96,226
Profit and total comprehensive income for the year	-	106,665	106,665
Dividends (Note 8)	-	(140,000)	(140,000)
<b>At 31 May 2022</b>	4,261	58,630	62,891

**Notes to the Financial Statements  
For the year ended 31 May 2022**

**1 GENERAL INFORMATION**

Deloitte MCS Limited (the 'Company') is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is 1 New Street Square, London, EC4A 3HQ, United Kingdom.

These financial statements were authorised for issue by the Board of Directors on 1 December 2022.

**2 ACCOUNTING POLICIES**

**Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

**Basis of preparation**

These financial statements have been prepared under the accruals concept and using the historical cost convention unless otherwise stated.

The Company's financial statements are presented in pounds sterling.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

**Exemptions for qualifying entities under FRS 102**

The Company meets the definition of a qualifying entity under FRS 102 paragraph 1.12 and has, therefore, taken advantage of certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following exemptions:

- (a) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows of Deloitte NSE LLP, includes the Company cash flows;
- (b) from disclosing the Company key management personnel compensations as required by FRS 102 paragraph 33.7; and
- (c) from disclosure requirements relating to financial instruments.

**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**2 ACCOUNTING POLICIES (continued)**

**Going concern**

Each year the Directors are required, in signing off the financial statements, to assess the appropriateness of the going concern basis of preparation. The Company does not operate on a day to day basis as a standalone entity and its ongoing existence as a going concern is integrally linked to the performance of the immediate group to which it belongs, headed by Deloitte LLP (hereinafter, we have referred to Deloitte LLP and its subsidiaries, as the 'Group'). As such the going concern assessment has been undertaken at the Group level.

Having considered the Group's forecasts and the principal risks faced by the Company (as set out in the Strategic Report), the Directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

**Consolidation**

The financial statements contain information about Deloitte MCS Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Deloitte NSE LLP, a company incorporated in England and Wales.

**Turnover**

Turnover represents amounts recoverable from clients for professional services provided during the year. It is measured at the fair value of consideration received or receivable on each client assignment, including recoverable expenses incurred on client assignments but excluding value added tax. Recoverable expenses represent sub-contractor costs and disbursements incurred in respect of assignments and expected to be recovered from clients.

Turnover is recognised in the period in which services are rendered by reference to the stage of completion of the contract at the end of the reporting period only if the following conditions are satisfied:

- the amount can be measured reliably;
- it is probable that the economic benefits associated with the contract will flow to the Company;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred for the contract and the costs to complete the contract can be measured reliably.



**Notes to the Financial Statements  
For the year ended 31 May 2022 (continued)**

**2 ACCOUNTING POLICIES (continued)**

**Turnover (continued)**

The stage of completion is determined as outlined below for the Company's various contract types:

- The majority of the Company's turnover is derived from contracts where the consideration is based on time and materials. For these contracts, turnover is recognised over time as services are provided at the fee rate agreed with the client.
- Turnover derived from fixed fee contracts is recognised over time based on the value of the actual services provided to the end of the reporting period relative to total services to be provided, generally assessed by reference to actual inputs of time and expenses as a proportion of the total expected inputs.
- Contingent-fee contracts are recognised when the contingent event occurs.
- Transaction-related fees such as data storage or data processing fees are priced on a unit basis and are typically recognised as the underlying transactions or usage take place.

Other than for contingent-fee contracts, fees are typically billed on account as services are provided based on a payment schedule. Where payments are received from clients in advance of services provided, the amounts are deferred and included in creditors as 'progress billings for client work'. Services provided to the client which have not been billed at the reporting date have been recognised as turnover and are included in debtors as 'amounts to be billed to clients'.

All turnover derives from external clients managed from the United Kingdom.

**Finance income and costs**

Finance income and costs are recognised in profit and loss using the effective interest rate method.

**Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated. All remeasurement differences are recorded in the profit and loss account.

**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**2 ACCOUNTING POLICIES (continued)**

**Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

**Tangible assets**

Tangible assets are stated at cost, net of depreciation on a straight line basis and any provision for impairment. Depreciation is charged so as to write off the cost of assets, other than freehold land, over their estimated useful lives, as follows:

Freehold property	Over 50 years
Fixtures and fittings	10% to 20% per annum
Leasehold improvements	Period of lease

**Business combinations**

Business combinations are accounted for using the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed, and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Goodwill is amortised over its expected useful life. Where the Company is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding seven years.

**Intangible assets**

Intangible assets are stated at cost less any accumulated amortisation on a straight line basis and accumulated impairment losses. Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Goodwill	5 to 9 years
Brand and relationships	5 to 10 years
IT software	3 to 7 years

**Investments in subsidiaries and joint ventures**

Investments in subsidiaries and joint ventures are stated at cost less impairment.

**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**2 ACCOUNTING POLICIES (continued)**

**Cash at bank and in hand**

Cash at bank and in hand comprises cash on hand and call deposits.

**Leases**

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Benefits received and recoverable as an incentive to enter into an operating lease are recognised as an asset or liability on the balance sheet and are also spread on a straight-line basis over the lease term.

**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.

**Dividends**

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved. Interim dividend distributions are recognised in the period in which the dividend is declared.

**Employee benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The Company provides retirement benefits through defined contribution and defined benefit schemes. Payments to defined contribution schemes are charged to the profit and loss account when employees have rendered services entitling them to the contributions. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The Company provides retirement benefits on a defined benefit basis through its participation in the Deloitte UK Pension Scheme Section of the Deloitte Pensions Master Plan (the 'Scheme'). Deloitte LLP, the Company's intermediate parent, is legally responsible for the Scheme and records the net defined benefit cost of the Scheme in its financial statements.

There is no contractual agreement or stated policy for charging the net defined benefit cost of the Scheme as a whole to individual group entities. The Company recognises a cost equal to its contribution payable, if any, for the period.

**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**2 ACCOUNTING POLICIES (continued)**

**Financial Instruments**

*Financial assets*

Financial assets are initially recognised at transaction price (including transaction costs). Financial assets include loans receivable, cash at bank and in hand, client debtors, amounts to be billed to clients and certain other trade debtors. Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

*Financial liabilities*

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost, using the effective interest rate method. Financial liabilities include trade and other creditors (excluding progress billings for client work and certain accruals).

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or expires.

*Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**3 CRITICAL ACCOUNTING JUDGEMENTS**

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**3 CRITICAL ACCOUNTING JUDGEMENTS (continued)**

**Revenue recognition**

In determining revenue on client engagements the Company makes certain estimates as to the stage of completion of those assignments. The Company estimates the remaining time and external costs to be incurred in completing the assignments and the client's willingness and ability to pay for the services provided. A different assessment of the outturn on an assignment may result in a different value being determined for revenue and also a different value being determined for unbilled revenue for client work.

In determining revenue recognition on client engagements in which services are delivered by a multi-disciplinary team of employees from both the Company and other Deloitte entities, the Company makes judgements to determine which entity is acting as the principal for each service provided. In making these judgements the Company considers which entity has the primary responsibility to deliver the service, which entity has inventory risk, which entity establishes the price of the service and which entity has credit risk. When the Company is determined to be the principal, the full amount of revenue related to that service is recognised by the Company. If the Company is determined to be the agent, the Company recognises revenue for the services delivered by employees of the Company.

**4 STAFF COSTS AND NUMBERS**

The aggregate payroll costs were as follows:

	2022	2021
	£ 000	£ 000
Salaries	515,398	411,009
Social security costs	62,945	46,289
Other pension costs (Note 15)	62,257	38,983
	<u>640,600</u>	<u>496,281</u>

The average number of persons employed by the Company during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Fee earning staff	6,149	5,130
Support staff	143	188
	<u>6,292</u>	<u>5,318</u>

**Directors**

The Directors were remunerated as members of Deloitte LLP in the current and preceding financial year. The Directors did not receive any remuneration, from any source, for their qualifying services as Director of the Company during the current or preceding financial year.

**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**5 OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation and amortisation on owned assets:		
- Amortisation expense (Note 9)	4,229	4,786
- Depreciation expense	10	81
Loss on disposal of tangible assets	-	347
Operating lease payments:		
- Land and buildings	226	2,287
Service charge	119,072	148,300
Net foreign exchange (gains)/losses	<u>(13,466)</u>	<u>6,934</u>

Audit fees for the current and previous year have been borne by Deloitte LLP, the Company's intermediate parent, and not recharged.

The service charge includes charges from Deloitte LLP for certain administrative services, including provision of premises.

**6 NET FINANCE INCOME**

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Finance income	410	502
Finance costs	<u>(38)</u>	<u>(28)</u>
	<u>372</u>	<u>474</u>

**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**7 TAXATION**

Tax charged in the income statement comprises:

	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax on profits for the period	25,349	22,627
Adjustment in respect of previous periods	<u>(2,990)</u>	<u>4,293</u>
	22,359	26,920
Foreign tax suffered	<u>-</u>	<u>61</u>
<b>Total current income tax</b>	<u>22,359</u>	<u>26,981</u>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(17)	(129)
Effect of changes in tax rates	(86)	(807)
Adjustment in respect of previous periods	<u>2,075</u>	<u>(1,534)</u>
<b>Total deferred taxation</b>	<u>1,972</u>	<u>(2,470)</u>
<b>Total tax expense in the income statement</b>	<u>24,331</u>	<u>24,511</u>

The Company's effective rate of Corporation Tax for the year was 19% (2021: 22%), the same as the standard rate of corporation tax in the UK of 19% (2021: higher than the standard rate of corporation tax in the UK of 19%).

The differences are reconciled below:

	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
<b>Profit before tax</b>	<u>130,996</u>	<u>113,524</u>
Corporation tax at standard rate	24,889	21,570
<b>Effects of:</b>		
Expenses not deductible	443	1,165
Income not taxable	-	142
Effects of overseas tax rates	-	25
Adjustment from previous periods	(915)	2,416
Tax rate changes	<u>(86)</u>	<u>(807)</u>
<b>Total tax charge</b>	<u>24,331</u>	<u>24,511</u>

**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**7 TAXATION (continued)**

**Deferred taxation**

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Deferred tax asset</b>		
At 1 June	3,910	1,440
Adjustment in respect of prior periods	(2,075)	1,534
Origination and reversal of timing differences	17	129
Effect of changes in tax rate	86	807
	<u>1,938</u>	<u>3,910</u>
At 31 May		

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Deferred tax consists of:</b>		
Fixed asset timing differences	1,687	1,373
Losses	251	2,537
	<u>1,938</u>	<u>3,910</u>
Deferred tax asset		

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

The Finance Act 2021 increased the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. Deferred tax balances on temporary differences as at 31 May 2022 have been measured at 25% where these are expected to unwind post 1 April 2023.

**8 DIVIDENDS**

**Interim dividends paid**

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Interim dividend of £32.86 (2021: £18.78) per each ordinary share	<u>140,000</u>	<u>80,000</u>



**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**9 INTANGIBLE ASSETS**

	<b>Goodwill £ 000</b>	<b>Brand and relationships £ 000</b>	<b>IT software £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>				
At 1 June 2021	24,028	11,887	5,106	41,021
At 31 May 2022	24,028	11,887	5,106	41,021
<b>Amortisation</b>				
At 1 June 2021	14,638	3,418	2,192	20,248
Amortisation charge	2,178	1,499	552	4,229
At 31 May 2022	16,816	4,917	2,744	24,477
<b>Carrying amount</b>				
At 31 May 2022	7,212	6,970	2,362	16,544
At 31 May 2021	9,390	8,469	2,914	20,773

The amortisation charge for the year is included in depreciation, amortisation and impairment in the profit and loss account.

**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**10 INVESTMENTS**

	<b>Subsidiaries</b> <b>£ 000</b>	<b>Joint venture</b> <b>£ 000</b>	<b>Total</b> <b>£ 000</b>
<b>Cost</b>			
At 1 June 2021	31,343	5,448	36,791
Additions	4,885	1,113	5,998
Disposals	-	(4,330)	(4,330)
At 31 May 2022	<u>36,228</u>	<u>2,231</u>	<u>38,459</u>
<b>Provision</b>			
At 1 June 2021	<u>7,442</u>	-	<u>7,442</u>
At 31 May 2022	<u>7,442</u>	-	<u>7,442</u>
<b>Carrying amount</b>			
At 31 May 2022	<u>28,786</u>	<u>2,231</u>	<u>31,017</u>
At 31 May 2021	<u>23,901</u>	<u>5,448</u>	<u>29,349</u>

During the current year, the Company had the following transactions in respect of subsidiary undertakings and joint venture:

- On 26 May 2021, the Company made a capital contribution of £341,829 (SEK 4,000,000) to Deloitte MCS AB. This contribution was accrued in the previous financial year, and paid in the current year, resulting in a foreign exchange adjustment of £2,017.
- On 9 February 2022, the Company acquired 100% of the share capital of Etain Limited for £1,906,129.
- On 20 May 2022, the Company agreed to make a capital contribution of £2,976,290 (SEK 37,000,000) to ACNE AB.
- Additional capital contributions totalling £1,113,000 (\$1,501,148) were made and capital repayments totalling £4,330,000 (\$5,800,668) were received from DTME 2 LLP, a joint venture that the Company holds a 50% interest in.

**Details of undertakings**

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

<b>Undertaking</b>	<b>Registered office</b>	<b>Holding</b>	<b>Proportion of shares held</b>	
			<b>2022</b>	<b>2021</b>
<b>Direct subsidiary undertakings</b>				
ACNE AB	Box 160 69, 103 22 Stockholm, Sweden	Ordinary	100%	100%
Deloitte MCS AB	Tulegatan 15, 113 53 Stockholm, Sweden	Ordinary	100%	100%

**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**10 INVESTMENTS (continued)**

<b>Undertaking</b>	<b>Registered office</b>	<b>Holding</b>	<b>Proportion of shares held</b>	
Market Gravity Limited	1 New Street Square, London, EC4A 3HQ	Ordinary	100%	100%
Monitor Deloitte Limited	1 New Street Square, London, EC4A 3HQ	Ordinary	100%	100%
Etain Limited	Lincoln Building, 27-45 Great Victoria Street, Belfast, BT2 7SL, Northern Ireland	Ordinary	100%	0%
<b>Direct joint venture</b>				
DTME 2 LLP (*)	Gategny Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 4EW	-	-	-

\* The Company holds 50% of the partnership capital of DTME 2 LLP.

<b>Undertaking</b>	<b>Registered office</b>	<b>Holding</b>	<b>Proportion of shares held</b>	
			<b>2022</b>	<b>2021</b>
<b>Indirect subsidiary undertakings</b>				
ACNE Advertising AB	Box 160 69, 103 22 Stockholm, Sweden	Ordinary	100%	100%
ACNE GmbH (in liquidation)	Neues Kranzler Eck, Kurfürstendamm 23, Berlin, 10719, Germany	Ordinary	100%	100%
ACNE Film AB	Box 160 69, 103 22 Stockholm, Sweden	Ordinary	100%	100%
ACNE Photography AB	Box 160 69, 103 22 Stockholm, Sweden	Ordinary	100%	100%
ACNE Production Limited	1 New Street Square, London, EC4A 3HQ, UK	Ordinary	100%	100%
Market Gravity Proposition Design Canada Limited (in liquidation)	C/O Wills & Murphy, 1800-1631 Dickson Avenue, Kelowna, BC V1Y 0B5, Canada	Ordinary	100%	100%
Monitor Company Europe *	1 New Street Square, London, EC4A 3HQ, UK	Ordinary	92.4%	92.4%
Monitor Company UK Limited	1 New Street Square, London, EC4A 3HQ, UK	Ordinary	100%	100%

\* DCSH Limited ('DCSH') currently holds 7.6% shares in Monitor Company Europe for the benefit of the Company. The legal transfer of these shares from DCSH to the Company is in the process of being completed.

**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**11 LOANS RECEIVABLE**

	£ 000
<b>Cost</b>	
At 1 June 2021	17,056
FX revaluations	1,890
At 31 May 2022	18,946
<b>Provision</b>	
At 31 May 2022 and 2021	-
<b>Carrying amount</b>	
At 31 May 2022	18,946
At 31 May 2021	17,056

**DTME 2 LLP**

The Company has provided working capital loans totalling US\$ 22 million to DTME 2 LLP. The rate of interest on the outstanding loan balance is LIBOR + 2% per annum. The Company has the right to request the repayment of the outstanding working capital funding in accordance with the terms of the Partnership Agreement. The carrying value as at 31 May 2022 is £17,416,638 (2021: £15,509,560).

**Deloitte European Support Services Limited**

On 27 August 2019, a loan of €1.8 million was advanced to Deloitte European Support Services Limited (formerly Deloitte GES ERDC Limited). The rate of interest on the outstanding loan is 2% above the Euro reference rate per annum. The loan is to be paid in full, including any interest owed, on 31 May 2024. The carrying value as at 31 May 2022 is £1,529,481 (2021: £1,546,179).

**12 DEBTORS**

	2022 £ 000	2021 £ 000
Client debtors	147,347	127,719
Amounts to be billed to clients	106,392	68,854
Amounts due from other member firms of DTTL	37,249	20,076
Corporation tax recoverable	3,638	1,318
Other debtors	5,081	5,696
Prepayments and accrued income	556	1,047
	<u>300,263</u>	<u>224,710</u>

Amounts due from other member firms of DTTL have no specified interest rate and are repayable on demand.

**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**13 CREDITORS: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Progress billings for client work	68,029	69,408
Trade creditors	4,386	3,347
Amounts owed to other group undertakings	123,044	33,687
Amounts due to other member firms of DTTL	9,373	9,469
Social security and other taxes	8,637	9,394
Accruals	95,597	76,144
	<b>309,066</b>	<b>201,449</b>

Amounts owed to other group undertakings and other member firms of DTTL have no specified interest rate and are payable on demand.

**14 CONTINGENT LIABILITIES**

**Guarantees**

The Company provides financial guarantees on the bilateral banking facilities held by its intermediate parent, Deloitte LLP. The carrying value of the aforementioned guarantee is £Nil (2021: £Nil).

**15 EMPLOYEE BENEFITS**

**Defined contribution schemes**

Deloitte LLP operates a defined contribution scheme, the Deloitte Pension Plan ('DPP'), a defined contribution master trust arrangement of which the Company is a participating employer. The DPP is operated by Standard Life where the assets are held separately from those of Deloitte LLP. The DPP is open for employees in the UK, Jersey and Guernsey (except those employees who retained their personal pension policy arrangements in the Channel Islands). For employees in the UK, a salary sacrifice arrangement also exists, known as the SMART Pensions, under which the employer contributions are increased by 5% of the employee contribution to provide a share of Deloitte LLP's saving of its National Insurance contribution. This is paid into the DPP in addition to the employer contributions. Employees are able to opt out of the SMART Pensions arrangement of the DPP.

As at 31 May 2022, the DPP scheme had 21,078 members (2021: 19,345), of which 6,637 (2021: 5,579) related to the employees of the Company.

At 31 May 2022 and 2021, the Company had no contributions payable to the DPP.

The total cost charged as an expense for the year represents employer contributions payable to these schemes by the Company and amounted to £62,257,000 (2021: £38,983,000). Contributions for the year ended 31 May 2022 were higher than in the prior year, due to contributions being reinstated to pre-pandemic rates.

**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**15 EMPLOYEE BENEFITS (continued)**

**Defined benefit pension schemes**

The Company is a participating employer in the defined benefit pension scheme run by Deloitte LLP. Deloitte LLP provides retirement benefits on a defined benefit basis through the Deloitte UK Pension Scheme ('DUKPS') Section of the Deloitte Pensions Master Plan (the 'UK Scheme').

The UK Scheme was closed to future accrual for remaining active members with effect from 31 January 2013. Under the UK Scheme, members are entitled to retirement benefits of up to two-thirds of their final salary on attainment of retirement ages between 60 and 65, depending upon their pensionable service. No other post-retirement benefits are provided. The UK Scheme is a funded scheme, with the UK Scheme assets held separately under trust to meet the long-term pension liabilities for past members. The Trustee of the UK Scheme is required by law to act in the interest of all of the beneficiaries of the UK Scheme and is responsible for the investment policy with regard to the UK Scheme assets and for determining the contribution by Deloitte LLP to the UK Scheme.

There is no contractual agreement or stated policy for charging the cost of the UK Scheme to the Company or a policy for determining the contribution to be paid by the Company. During the year, the Company has not made any contributions to the UK Scheme.

Full details of the assets and liabilities of the UK Scheme and the assumptions used for the Scheme's actuarial valuation are included in the notes of the Deloitte LLP financial statements.

**16 CAPITAL AND RESERVES**

**Allotted, called up and fully paid**

	<b>2022</b>		<b>2021</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
Ordinary shares of £1 each	<u>4,260,526</u>	<u>4,260,526</u>	<u>4,260,526</u>	<u>4,260,526</u>

**Rights, preferences and restrictions**

The Company has one class of ordinary share which carry no right to fixed income.

The profit and loss account represents the cumulative profit or loss, net of dividends declared.

**Notes to the Financial Statements**  
**For the year ended 31 May 2022 (continued)**

**17 OBLIGATIONS UNDER LEASES**

**Operating leases**

The total of future minimum lease payments is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Not later than one year	397	568
Later than one year and not later than five years	210	607
	<u>607</u>	<u>1,175</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £226,000 (2021: £2,287,000).

**18 PARENT AND ULTIMATE PARENT UNDERTAKING**

The company's immediate parent is D&T Consulting Holdings Limited, incorporated in England and Wales. The ultimate parent and controlling party is Deloitte NSE LLP, incorporated in England and Wales.

The parent of the largest group in which these financial statements are consolidated is Deloitte NSE LLP, incorporated in England and Wales.

The address of Deloitte NSE LLP is: 1 New Street Square, London, United Kingdom, EC4A 3HQ.

The parent of the smallest group in which these financial statements are consolidated is Deloitte LLP, incorporated in England and Wales.

The address of Deloitte LLP is: 1 New Street Square, London, United Kingdom, EC4A 3HQ.

The consolidated financial statements of Deloitte NSE LLP and Deloitte LLP are available upon request from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

**19 SUBSEQUENT EVENTS**

On 12 October 2022, the Company agreed in principle to purchase the business and assets of Reformis Limited, a specialist investment management technology and data firm for consideration of £10,850,000. The transaction is expected to be completed in January 2023. Following completion, the acquisition will further strengthen and extend the Company's capacity to support its investment management clients.