Company Registration No: 03311052

Deloitte MCS Limited

Annual Report and Financial Statements

For the year ended 31 May 2023

Annual Report and Financial Statements 2023

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Officers and Professional Advisers

Directors	H A Bygrave P D Mills S G Weston
Company secretary	Stonecutter Limited 1 New Street Square London EC4A 3HQ
Registered office	1 New Street Square London EC4A 3HQ
Bankers	HSBC Bank PLC - USA 452 5th Avenue New York NY 10018-2706
	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
Auditors	BDO LLP London

Strategic Report
For the year ended 31 May 2023

The Directors present their Strategic Report for Deloitte MCS Limited (the 'Company') for the year ended 31 May 2023, 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. There have been no significant changes in the Company's principal activities during the year under review. 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 2023, the Company had total assets of £355 million (2022: £372 million) and net assets of £148 million (2022: £63 million). Net assets increased in the current year because of working capital movements and a reduction in current year interim dividends of £20 million (2022: £140 million).

The Company's trading results are set out in the Profit and Loss account on page 33.

Turnover increased to £1,508 million (2022: £1,304 million). This was attributable to increased demand across all sectors, but especially in financial services.

Staff costs increased to £808 million (2022: £641 million). The higher staff costs have mainly resulted from an increase in the average monthly headcount to 7,708 (2022: 6,292).

Other operating expenses for the year were £313 million (2022: £312 million). Staff-related expenses increased in the year, but were mainly offset by foreign exchange gains and a reduction in charges from Deloitte LLP for certain administrative services, including the provision of premises.

Profit before tax increased slightly to £134 million (2022: £131 million). The Company's effective rate of tax for the year was 22% (2022: 19%), higher than the standard rate of corporation tax in the UK of 20% (2022: the same as the standard rate of corporation tax in the UK of 19%). For the current year, the standard UK tax rate has being calculated using a weighted average rate, where 25% and 19% were applied, resulting in an average tax rate of 20%.

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.

Strategic Report
For the year ended 31 May 2023 (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 acts in a way they consider, 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 an indirect subsidiary 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.

Strategic Report
For the year ended 31 May 2023 (continued)

SECTION 172(1) STATEMENT (continued)
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.

Fostering business relationships with our key stakeholders
<u>Clients</u>
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.

The Company continues to be a market leader in areas such as Enterprise Resource Planning and delivering major programmes that involve complex change in digital and data transformation.

In addition to advising clients to adopt certain technologies to solve a problem, we also implement and operate these technologies for them. This is key to enabling our clients to deliver the value they have promised to their own stakeholders, whether that be customers, shareholders or wider society. From cloud technology, to building an ecommerce platform or adopting an AI tool, our capabilities continue to evolve.

By focusing on our clients' biggest issues, we support them in delivering meaningful change, for example, achieving digital transformation ambitions, meeting sustainability and climate commitments, or adapting business models in response to the geopolitical and regulatory landscape.

The Company remains committed to driving the kind of transformation needed by our clients, society and the planet.

Strategic Report
For the year ended 31 May 2023 (continued)

SECTION 172(1) STATEMENT (continued)

Employees

The Company's professionals are its most valuable asset and 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 incentives that enable informed decisions and health. This includes creating a culture that promotes satisfaction and a safe, secure work environment for all, especially as the Company continues to transition towards a more hybrid working model.

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 e.g. Engage for Change surveys, Ethics surveys etc, 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.

Over the past year we have worked hard to continue building a culture of listening, so that we can understand our people's needs and where they want to see us take action. As a result, our people have directly informed some of the changes and improvements we've made to improve their experience of working. The Company has prioritised investing in our people, including their wellbeing and ensuring that they have the support they need through important moments in their lives. In the current year, enhanced parental policies and policies to better support colleagues experiencing menopause, miscarriage and bereavement have been introduced. In addition, paid medical insurance has been provided to all colleagues, including cover for fertility treatment and gender dysphoria.

At the heart of the approach is a commitment to building an inclusive workplace, where everyone can be their true selves. For instance, from listening to feedback from our people and working closely with our 12 diversity networks, targeted interventions have been made to help develop a strong pipeline of diverse future leaders, including our Future Leaders Programme, aimed at women and under-represented ethnic groups, and our continued work to improve The Deloitte Black Experience. This year we have also increased transparency on our ethnicity and gender pay gaps and added a core objective for all partners to demonstrate their contribution to gender and ethnicity targets.

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.

Strategic Report
For the year ended 31 May 2023 (continued)

SECTION 172(1) STATEMENT (continued)

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.

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 work and fundraising.

Specific initiatives include:
- 5 Million Futures;
- Partnering with the Earthshot Prize; and
- WorldClimate.

A further description of these activities is located at the Deloitte LLP 2023 Annual Report website at: https://www2.deloitte.com/uk/en/pages/annual-review-2023/home.html.

Impact of operations on the community and the environment

The WorldClimate programme is Deloitte NSE'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. Deloitte NSE'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. Deloitte NSE 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 footprint. Please refer to the Non-financial and Sustainability Information Statement on pages 8 to 20, for further information on the policies and initiatives designed to minimise the Company's environmental impact.

Strategic Report
For the year ended 31 May 2023 (continued)

SECTION 172(1) STATEMENT (continued)

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 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 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.

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.

Acquisitions

On 14 January 2023, the Company completed the acquisition of the assets and business of Reformis Limited and its subsidiaries, a specialist investment management technology and data firm. The acquisition brings together the two firms' experts and respective market-leading capabilities, offering investment management clients an even broader range of technology services.

Interim dividends

The Directors recommended interim dividends of £20 million (2022: £140 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 intermediate parent company, Deloitte LLP.

Strategic Report
For the year ended 31 May 2023 (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT ('NFSI')
As a large private company, incorporated in the United Kingdom, the Company is in scope of the UK Government's Climate-related Financial Disclosure ('CFD') Regulations 2022 for the financial year ended 31 May 2023. This 2023 report includes the eight disclosure areas required by CFD and on this basis, the climate-related financial disclosures made by the Company comply with the requirements of the Large Private Company (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 as amended by the Large Private Company (Climate-related Financial Disclosure) Regulations 2022.

a) A description of the Company's governance arrangements in relation to assessing and managing climate-related risks and opportunities
The Company is a subsidiary of Deloitte LLP, who in turn is a subsidiary of Deloitte NSE LLP. The Company adopts Deloitte NSE's shared values and ambition and operates in accordance with the initiatives approved by the Deloitte NSE Board including its WorldClimate Strategy. As such, climate-related risks and opportunities relevant to the Company are governed through Deloitte NSE and cascaded down where applicable. Deloitte NSE's governance structure and how this applies to the Company are described below.

The Deloitte NSE Board has ultimate oversight of management and responsibility to oversee the level of risk acceptable in each area of the business, and for the promotion and protection of member interests generally, including the Company. It supervises the Deloitte NSE Executive in making decisions to set and approve the firm's long-term strategies and, objectives, and decision-making of Deloitte NSE, which includes all climate-related matters. Deloitte LLP is governed by the Deloitte UK Oversight Board ('UKOB'). Their role includes consideration of climate-related risks and opportunities that are relevant to the Deloitte LLP, the sub-group.

The Deloitte NSE Board delegates certain responsibilities to Deloitte NSE's Audit and Risk Committee (ARC), a sub-committee of the Deloitte NSE Board. This includes climate-related matters through oversight of the material climate-related risks and opportunities facing the business, and consideration of how public reporting responsibilities are met. The ARC reports to the Deloitte NSE Board on climate-related matters at least annually. The UKOB oversees how the Deloitte LLP sub-group meets its regulatory and legal responsibilities, operating in conjunction with the Deloitte NSE ARC to provide oversight of management and control of material risks, such as those relating to climate change and ensure public interest responsibilities are met in the UK. The UKOB is also focused on safeguarding the reputation and resilience of the Deloitte LLP sub-group, including against climate-related matters.

Strategic Report
For the year ended 31 May 2023 (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT ('NFSI') (continued)

a) A description of the Company's governance arrangements in relation to assessing and managing climate-related risks and opportunities (continued)

The Deloitte NSE Executive is accountable to the Deloitte NSE Board for implementation of business strategy (including the WorldClimate strategy), and for achieving related targets. Certain members, in their roles as Executive Risk Owners, are also directly accountable for climate-related risks and opportunities, including reviewing, approving and owning responses to these. At least twice a year, the Executive is informed about climate-related matters and evaluates and approves decisions made by the Deloitte NSE Climate SteerCo.

The NSE Climate SteerCo's primary responsibilities are to identify, assess and monitor all material climate-related risks and opportunities, track progress against climate targets, and review and approve all Deloitte NSE climate-related reporting and disclosures. The committee meets at least six times a year to discuss climate-related matters and is informed by NSE management bodies including Quality, Risk and Security, Businesses, Growth, Operations and People and Purpose. These Deloitte NSE management bodies manage climate-related risks and opportunities specific to their areas, as described below, and the Deloitte NSE Climate SteerCo monitors and evaluates the activities and progress of each Deloitte NSE management body.

Progress is reported to the Deloitte NSE Climate SteerCo via regular meetings throughout the year. This incorporates progress against climate strategy, including the Company's near-term 2030 emissions reduction goals. In addition, working sessions are held with the Chief Operating Officers across Deloitte NSE and the Deloitte NSE Executive that focus on short, medium, and long-term climate-related priorities and actions. Upskilling the firm's leaders in relation to climate-related matters happens through Deloitte's global mandatory climate learning programme and climate and sustainability workshops that are held for each business, including the Company.

Alongside Deloitte NSE's response to addressing climate change within its own operations, its National Practice sustainability and climate teams support clients with their own climate journeys. Associated climate-related risks and opportunities are managed by the Businesses and Growth leads across Deloitte NSE who are also responsible for implementing climate-related services strategy. Further considerations on risk management, including developing and overseeing actions to manage climate-related risks and opportunities related to client services, are set out in the Risk management and Strategy sections below.

Strategic Report
For the year ended 31 May 2023 (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT ('NFSI') (continued)

b) Describe how the Company identifies, assesses, and manages climate-related risks and opportunities.
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the Company's overall risk management process.
The Company's process of risk acceptance and management is addressed by the Enterprise Risk Framework ('ERF'). The ERF is an Executive assessment of principal and emerging risks facing Deloitte NSE, specifically those that could impact its ability to achieve its strategic priorities, meet its public interest obligations and protect its reputation and people. Climate change and sustainability matters, alongside other business risks and opportunities, are considered and embedded within the ERF.

The ERF prioritises risks based on residual exposure. This is achieved through the 'risk dashboard,' which assesses the residual exposure of risks and opportunities, including those related to climate. Residual risk exposure describes the likelihood of a risk crystallising, and its impact on Deloitte NSE given the current ability to mitigate or manage it, and is categorised as very high, high or medium. Risks and opportunities are considered against four impact dimensions: strategy and market differentiation, brand and reputation, operational and financial resilience, and people and purpose. Risks are identified and assessed at a Deloitte NSE level.

The Enterprise Risk Management (ERM) Team facilitates the ERF and, along with other enterprise risks, climate-related risks are assigned an Executive Risk Owner who oversees work carried out by management teams within the organisation to manage those risks. Executive Risk Owners are responsible for continually monitoring the effectiveness of the risk management and mitigation plan. Residual exposure is assessed during regular meetings between the ERM team and each Executive Risk Owner. Consideration is made to internal and external drivers of the risks, and the work required to manage them, the effectiveness of existing mitigations and the status of any actions deemed necessary to further enhance these mitigations. Outcomes are reviewed by both the ERM team and Executive Risk Owners, then updates are included within the ERF.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT ('NFSI') (continued)

b) Describe how the Company identifies, assesses, and manages climate-related risks and opportunities.
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the Company's overall risk management process. (continued)
The ERM team uses a risk dashboard to enable ongoing assessment of climate-related risks and other business risks. It is used to inform, refresh and validate the status of each risk with the respective Executive Risk Owners and the Deloitte NSE Chief Risk Officer ('CRO') twice a year on a mandatory basis. At these reviews, the Executive Risk Owners and the Deloitte NSE CRO assess whether current risk management activities are sufficient. If additional action is required for climate-related risks, these are prioritised and given 'special focus' (requires more detailed management monitoring) or 'action required' (immediate additional mitigating actions are required) status, and more detailed management and monitoring will be carried out as a result. Management teams are accountable for implementing risk management and mitigation plans. The Deloitte NSE WorldClimate team (which manages the Deloitte NSE's own sustainability transformation, including its climate response) holds regular discussions with the Executive Risk Owners and the Deloitte NSE CRO to gain insight and consult on progress relating to climate-related risks.

The process for identifying, assessing and managing climate-related risks and opportunities is fully integrated into Deloitte NSE's overall risk management process, which captures risks relevant to the Company. The end-to-end climate-related risk management process is owned by the Deloitte NSE Climate SteerCo to ensure progress against identified climate-related risks and opportunities is monitored, outcomes are evaluated and a holistic view of climate-related impacts on Deloitte is provided to the Deloitte NSE Executive.

d) Describe the principal climate-related risks and opportunities arising in connection with the Company's operations, and the time periods by reference to which those risks and opportunities are assessed.
e) Describe the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy.
f) Provide an analysis of the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios.
The most significant climate-related transition and physical risks and the opportunities relevant to the Company are described in the following section. The risks and opportunities have been identified in the following categories: physical (acute and chronic) and transitional (market, reputation, policy and legal). These include consideration of existing and emerging regulatory requirements as well as changes to client behaviour and threats to reputation.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT ('NFSI') (continued)

d) Describe the principal climate-related risks and opportunities arising in connection with the Company's operations, and the time periods by reference to which those risks and opportunities are assessed.
e) Describe the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy.
f) Provide an analysis of the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios. (continued)

Assessing the impact of and resilience to climate-related scenarios

Assessment of the risks and opportunities included consideration of three climate scenarios over three time horizons: short, medium, and long-term. Short-term is defined as the next 4 years, which aligns with Deloitte NSE's internal planning and forecasting timeframes. Medium-term is defined as 4-7 years, in line with Deloitte NSE's WorldClimate near-term 2030 goals. Long-term is defined as greater than 7 years (up to 2050) in line with UK government's net zero targets.

Deloitte NSE has identified the Network for Greening the Financial System (NGFS) Climate Scenarios as the publicly available resource most relevant when it comes to understanding how climate change, climate policy and technology trends could evolve in different futures. Deloitte NSE is not a financial services provider or institution; it is a professional services organisation with diverse sectoral exposure similar to that experienced in the financial services sector. It was therefore decided that the NGFS scenarios, rather than, for example, the World Business Council for Sustainable Development (WBCSD) scenarios, which are designed for energy companies, would be most suitable to better understand the future possible climate risk and resilience.

Deloitte NSE selected three scenarios - Current Policies (3°C), Divergent Net Zero and Orderly Net Zero by 2050 - to assess the impacts of climate-related risks and opportunities across the applicable short, medium, and long-term time horizons. Choosing two net zero scenarios with similar policy ambitions (below 1.5°C) but different policy reactions enable a range of risks and opportunities to be captured in a transition scenario, factoring in the market and regulatory drivers to which Deloitte NSE is most exposed. This is particularly true given the comparable climate policies and net zero ambitions of the UK government and EU, and the relative financial importance of these markets to Deloitte NSE's overall revenue. The Current Policies scenario captures the extreme warming future where physical climate impacts could put business operations and continuity at risk.

Current Policies (3°C): Under the current policies scenario, currently implemented policies regarding climate and energy are maintained, with no additional new climate-related regulation. The world relies on fossil fuels as the engine of economic growth, resulting in significant global warming that drives changes in the frequency and/or severity of extreme weather events, causing extensive business disruption. Emissions grow until 2080 leading to about 3°C of warming by the end of the 21st century and resulting in severe physical risks.

Strategic Report
For the year ended 31 May 2023 (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT ('NFSI') (continued)

d) Describe the principal climate-related risks and opportunities arising in connection with the Company's operations, and the time periods by reference to which those risks and opportunities are assessed.
e) Describe the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy.
f) Provide an analysis of the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios. (continued)

Assessing the impact of and resilience to climate-related scenarios (continued)

Orderly Net Zero: A high level of decarbonisation is achieved through robust climate policies and innovation in a steady, orderly fashion. It also assumes an immediate introduction of ambitious climate policies. Carbon removal technologies are used to accelerate global decarbonisation efforts but are kept to a minimum. Global emissions reach net zero by 2050, which limits warming to 1.5°C by the end of the 21st century. Physical risks are relatively low, but transition risks are moderate to high.

Divergent Net Zero: Global emissions reach net zero by 2050, which similarly limits warming to 1.5°C by the end of the 21st century. However, this scenario is associated with higher transition costs due to varying policies introduced across sectors and governments, as well as a more abrupt, but later, phasing out of fossil fuels. Compared to the Orderly Net-Zero scenario, the Divergent Net-Zero scenario assumes climate policies are more stringent in the transportation and building sectors.

Climate-related risks and opportunities applicable to the Company
The following climate-related risks and opportunities are as stated in the Deloitte NSE climate-related financial disclosures. As an indirect subsidiary of Deloitte NSE these inherently also apply to the Company.

Physical: Acute and Chronic

Risk: Disruption to business operations and service delivery due to extreme weather events (i.e. acute - floods, storms or chronic - rising mean temperatures) impacting employee productivity, resulting in reduced revenue.

Strategic Report
For the year ended 31 May 2023 (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT ('NFSI') (continued)

d) Describe the principal climate-related risks and opportunities arising in connection with the Company's operations, and the time periods by reference to which those risks and opportunities are assessed.
e) Describe the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy.
f) Provide an analysis of the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios. (continued)

Climate-related risks and opportunities applicable to the Company (continued)

Physical: Acute and Chronic (continued)

- **Impact and timeframe:** In all scenarios, physical risks to Deloitte NSE will increase from the short to medium-term. Physical risks are expected to be identical in the short-term due to 'committed warming' (emissions already released). In the medium term, under the Net Zero scenarios, physical risk impact should plateau. Under a 3°C scenario the frequency and severity of extreme weather events will continue to increase over the medium and long-term.
- **Business response, strategic approach, and resilience:** Deloitte NSE is exploring a range of mitigants to respond to climate-related physical risks, for example through agile and flexible working approach. This helps mitigate productivity loss resulting from acute physical risk events given many employees can carry out a significant proportion of their work remotely at a time that is convenient to them. While the flexibility in working location and pattern reduces the impact of disruption caused by acute physical risks on productivity and corresponding revenues, it does not mitigate longer-term chronic physical risks (such as rising mean temperatures) impacting employees' health, wellbeing and ongoing productivity. Further options are being explored to respond to such longer-term risks.

Transition: Market

Risk: Change in revenue from clients in sectors that are highly exposed to climate change and/or that are unable to transition.

Strategic Report
For the year ended 31 May 2023 (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT ('NFSI') (continued)

d) Describe the principal climate-related risks and opportunities arising in connection with the Company's operations, and the time periods by reference to which those risks and opportunities are assessed.
e) Describe the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy.
f) Provide an analysis of the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios. (continued)

Climate-related risks and opportunities applicable to the Company (continued)

Transition: Market (continued)

- **Impact and timeframe:** Deloitte NSE recognises that it will be impacted in some way by the policy, market and technological changes brought by a transition towards a low-carbon economy. The precise nature and scale of the impact for certain sectors and companies is currently unclear. However, due to the size of Deloitte NSE's client base, it is inevitable that some clients will be negatively impacted, which could have a knock-on effect on Deloitte NSE's ability to provide services to those clients and, therefore, generate revenues. The nature and extent of the impact is different under each scenario with, for example, greater impacts in the medium to long term under a 3°C scenario due to physical risks, meanwhile in the Orderly Net Zero scenario, companies are expected to face transition risks concentrated in the short and medium term.
- **Business response, strategic approach, and resilience:** Deloitte NSE's ability to work across multiple sectors and geographies, and with numerous organisations from listed to entrepreneurs, results in a diversified business and acts as a form of mitigation against the risk. As a result of this diversified portfolio, Deloitte NSE is well equipped to identify, adapt and pivot its client portfolio in line with a low carbon economy.

Opportunity: Increased revenue and growth by offering new climate-related services, and expanding existing ones, to support clients in their response to climate change and contribute to the economy-wide, low-carbon transition.

Strategic Report
For the year ended 31 May 2023 (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT ('NFSI') (continued)

d) Describe the principal climate-related risks and opportunities arising in connection with the Company's operations, and the time periods by reference to which those risks and opportunities are assessed.
e) Describe the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy.
f) Provide an analysis of the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios. (continued)

Climate-related risks and opportunities applicable to the Company (continued)

<u>Transition: Market (continued)</u>

- **Impact and timeframe:** Deloitte NSE benefits from being a large business with a breadth of skills, resources and experience developed through its long-standing relationships with companies across multiple industries. Deloitte NSE has an opportunity to grow its climate service offerings and corresponding revenues while contributing to economy-wide, low-carbon transitions across its geographies, as well as creating an impact that matters for clients. All three scenarios are anticipated to provide opportunities to increase revenues from climate and sustainability services, but these may vary in nature and timing of service demanded. For example, under the 3°C scenario, increased demand for adaptation and mitigation services due to physical risk exposure is more likely to arise in the medium to long term due to the slower introduction of regulations.
- **Business response, strategic approach, and resilience:** Deloitte NSE is already responding to this demand and will continue to make a difference to its clients, offering tailored climate and sustainability services and supporting their response to climate-related issues and regulatory changes. Deloitte NSE will continue to innovate and expand these offerings to meet the demand and changes in requirements to achieve a low-carbon economy.

<u>Transition: Reputation</u>

Risk: Reduced potential to attract and retain talent across the business because of a perceived inadequate response to climate change.

Opportunity: Increased ability to attract and retain talent by implementing and demonstrating a robust climate response.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT ('NFSI') (continued)

d) Describe the principal climate-related risks and opportunities arising in connection with the Company's operations, and the time periods by reference to which those risks and opportunities are assessed.
e) Describe the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy.
f) Provide an analysis of the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios. (continued)

Climate-related risks and opportunities applicable to the Company (continued)

Transition: Reputation (continued)

- **Impact and timeframe:** In the Deloitte Global 2023 Gen Z and Millennial Survey (Deloitte 2023 Gen Z and Millennial Survey), professionals reported strong views on the importance of employers acting on climate change, with over half of Gen Zs (55%) and millennials (54%) saying they research a brand's environmental impact and policies before accepting a job. As a professional services business, any change in attrition or retention of talent is expected to have a corresponding impact on future operating costs and revenues. Under all three scenarios, the awareness of climate issues and the need to embrace action will influence employment decisions and depending on Deloitte NSE's performance and credentials, could result in a risk or opportunity. It is reasonable to expect that a more significant proportion of the population will make choices driven by an awareness of climate change and a desire to contribute to the transition through, for example, employment choices in the short, medium, and long term.
- **Business response, strategic approach, and resilience:** The WorldClimate strategy is designed to drive responsible climate choices and helps both current and future employees to understand how Deloitte NSE is acting against climate change. Initiatives such as dedicated climate learning modules for new starters, a sustainability learning week, sector climate and sustainability workshops and tools like Giki Zero (a personal carbon footprint calculator) inform employees worldwide about the impacts of climate change and empower them to make more sustainable choices at home and at work.

Risk: Damage to reputation and client relationships by failing to act credibly to manage the climate impacts of Deloitte NSE's operations and value chain.

- **Impact and timeframe:** As a leading professional services organisation, Deloitte NSE is highly dependent on its brand and public perception. These contribute to Deloitte NSE's ability to continue to act in the public interest, as well as build new, and strengthen existing, client and stakeholder relationships. If Deloitte NSE is perceived to have inadequately addressed climate change within its own operations and value chain, there is a risk that the public will lose confidence in the services Deloitte NSE provides, and clients may choose to limit, or not engage in, business with Deloitte NSE. Any damage to reputation and client relationships is expected to affect Deloitte NSE's revenues and business growth. Under the Net Zero scenarios this risk increases from the short-term onwards. This is as a result of increased policy requirements and increased client action or expectation. Under the 3°C scenario, the risk will only increase in the longer term as the expectations to transition in response to climate change will be lower.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT ('NFSI') (continued)

d) Describe the principal climate-related risks and opportunities arising in connection with the Company's operations, and the time periods by reference to which those risks and opportunities are assessed.
e) Describe the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy.
f) Provide an analysis of the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios. (continued)

Climate-related risks and opportunities applicable to the Company (continued)

Transition: Reputation (continued)

- **Business response, strategic approach, and resilience:** Deloitte NSE is committed to achieving the near-term (2030) carbon reduction goals defined in its WorldClimate strategy. These cover Deloitte NSE's operations and its value chain, with commitments to decarbonise, also helping clients to reduce their own scope 3 footprint and support the economy-wide low-carbon transition. It showcases the work it does with clients and partners to accelerate the low-carbon transition in its annual reports.

Risk: Reputational damage from providing services to (and therefore being associated with) clients perceived as having an inadequate response to climate change and inadequate climate credentials.

- **Impact and timeframe:** Deloitte NSE's brand and reputation is driven in part by the clients it serves. As such, providing services to (or being associated with) companies or sectors that are perceived as having unfavourable climate credentials or that are not willing to respond to climate, have not articulated a credible transition plan or are not transparent about their actions to address climate change could damage Deloitte NSE's reputation. Under both Net Zero scenarios, where climate expectations for businesses are high, the reputational impacts that might be associated with climate inaction are likely to be most significant in the medium to long term. Under the 3°C scenario, whilst societal expectations and demands for adequate climate action are also expected to increase over the medium to long term, the reputational impacts that might be associated with climate inaction are likely to be less due to the absence of global policy.
- **Business response, strategic approach, and resilience:** To mitigate potential impact on its reputation, Deloitte NSE is diligent in deciding which clients it works with and the work it does for them. For example, its client and engagement acceptance procedures enable Deloitte NSE to assess, and be resilient to, potential reputational damage, with escalation to National Practice or Deloitte NSE Public Interest and Consistency Groups in particularly challenging cases.

Risk: Increased costs and reputational damage arising because of climate litigation (and/or accusations of greenwashing) including from inadequate provision of climate related services.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT ('NFSI') (continued)

d) Describe the principal climate-related risks and opportunities arising in connection with the Company's operations, and the time periods by reference to which those risks and opportunities are assessed.
e) Describe the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy.
f) Provide an analysis of the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios. (continued)

Climate-related risks and opportunities applicable to the Company (continued)

Transition: Reputation (continued)

- **Impact and timeframe:** The desire of organisations to consider climate-related impacts and respond to related legislation has increased, and is likely to continue increasing, the demand for Deloitte NSE's services. This could result in Deloitte NSE facing a corresponding increase in the frequency and severity of climate-related litigation and/or accusations of greenwashing if the firm fails to deliver on quality. Such an increase in the frequency and severity of climate-related litigation claims could impact future costs incurred by Deloitte NSE and lead to reputational damage. Climate-related litigation is expected to rise under all three scenarios, but the timeframe of the increase will vary. This risk is expected to materialise fastest in the short term under the Orderly Net Zero scenario as stricter climate and greenwashing regulations would be introduced sooner. Climate-related litigation claims are still expected to increase for the Divergent Net Zero and 3°C scenarios, but over the medium and long terms in response to more delayed regulatory transition scenarios.
- **Business response, strategic approach, and resilience:** Deloitte NSE ensures a robust, proactive and effective approach to quality management throughout each of its services (e.g. Deloitte NSE's Audit & Assurance practice complies with the International Standard on Quality Management ("ISQM") 1). Deloitte NSE also provides its practitioners with mandatory training to understand the policies, practices and standards they must follow while performing work both internally and for clients. Similarly, it conducts internal reviews of climate-related engagements to ensure high quality and reduce the risk of reputational damage to Deloitte NSE due to climate-related matters.

g) Describe the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets.
h) Describe the key performance indicators (KPIs) used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based.
Deloitte NSE has set network-wide ambitions through its WorldClimate strategy to help address climate change impacts within its operations and broader ecosystem. The Deloitte network's near-term (2030) GHG reduction goals have been validated by the Science Based Targets initiative (SBTi) as 1.5°C-aligned, science-based targets.

Strategic Report
For the year ended 31 May 2023 (continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT ('NFSI') (continued)

g) Describe the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets.
h) Describe the key performance indicators (KPIs) used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based. (continued)
The targets are as follows:

- Reducing Scope 1 & 2 emissions 70% from a FY2019 baseline by FY2030 through:
  - Sourcing 100% renewable energy for the Deloitte network's buildings by FY2030.
  - Converting 100% of the Deloitte network's fleet to hybrid and electric vehicles by FY2030.
- Reducing Scope 3 business travel emissions by 50% per full time equivalent (FTE) from FY2019 baseline by FY2030.
- Engaging with the Deloitte network's major suppliers and having 67% of them (by emissions) adopt science-based targets by 2025.

As an indirect subsidiary of Deloitte NSE, these targets, similar to climate-related risks and opportunities, are inherently applicable to the Company. Progress is measured annually against these targets as an interim KPI, with aggregated GHG emissions reported at the Deloitte NSE level. Full FY2023 performance data for Deloitte NSE is published in the NSE Impact Report. The Deloitte LLP sub-group collects data for the UK offices and workforces under its geography which is captured in the Deloitte LLP sub-group and Deloitte NSE aggregated totals. For key environmental metrics of the Deloitte LLP sub-group and Deloitte NSE refer to Deloitte NSE's climate-related financial disclosures.

Preparation of the GHG emissions and energy data in Deloitte NSE's climate-related financial disclosures followed the 2019 UK Government environmental reporting guidance. GHG emissions have been calculated using an operational control consolidation approach as described in the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard created by the World Resources Institute and the WBCSD. The GHG emissions reporting boundary covers all entities and all facilities either owned or under the operational control of Deloitte NSE. Further information is included in the Deloitte NSE GHG Emissions Basis of Reporting.

It is recognised that Deloitte NSE's targets and KPIs in place do not cover all climate-related risks and opportunities due to their specialized nature, however, Deloitte NSE are on a journey to identify, measure and report more disaggregated KPIs that respond to all climate-related risks and opportunities in the future. As such, it is expected that the set of metrics and targets will evolve over time to keep pace with best practice.

Strategic Report
For the year ended 31 May 2023 (continued)

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

Turnover increased by 16% from £1,304 million to £1,508 million and profit before tax increased by 2% from £131 million to £134 million. The key non-financial performance indicator for the Company is staff numbers, which increased by 1,416 from 6,292 to 7,708 (see Note 4).

See page 2 for for commentary on these key performance indicators.

PRINCIPAL RISKS AND UNCERTAINTIES
The Company's process of risk acceptance and risk management is addressed by the ERF of Deloitte NSE.

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 delivering value in everything we do.

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

Credit risk is primarily attributable to receivables from clients (client debtors and amounts to be billed to clients). An allowance for impairment is made whenever there is an identified loss event. Receivables from clients 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 amounts due from other members firms of DTTL is limited because the counter parties have high credit worthiness and a low risk of default.

Strategic Report
For the year ended 31 May 2023 (continued)

GOING CONCERN
The operations of the Company and that of the intermediate parent undertaking, Deloitte LLP are run on an integrated basis on a practical level. Payroll and purchasing are run on a joint basis such that Deloitte LLP settles most liabilities, and the Company receives an allocation of those costs. The Treasury function is also operated jointly such that cash pooling arrangements exist between the Company and Deloitte LLP. Therefore, the Company is reliant on the continued support of Deloitte LLP to meet its ongoing obligations as they fall due.

Deloitte LLP, has indicated a willingness to continue providing support to the Company for a minimum period of 12 months from the date of the approval of the financial statements, so as to ensure it remains able to meet its obligations as they fall due. Having regard to the above, the directors have, at the time of approving the financial statements, a reasonable expectation that the Company will be able to continue in operational existence for the going concern period. Thus, the going concern basis has been adopted in preparing the financial statements.

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. Please refer to the Non-financial and Sustainability Information Statement on pages 8 to 20, for further information on the policies and initiatives designed to minimise the Company's environmental impact.

DISABLED EMPLOYEES
Applications for employment by disabled persons are always fully and fairly 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.

Strategic Report
For the year ended 31 May 2023 (continued)

FUTURE DEVELOPMENTS
There are no events since the balance sheet date which would require disclosure in these financial statements.

The Company performed well during the year ended 31 May 2023 and the Directors expect that the Company will continue to perform satisfactorily in 2024.

Approved by the Board of Directors on 12 January 2024 and signed on behalf of the Board of Directors:

....
H A Bygrave
Director

Directors' Report
For the year ended 31 May 2023

The Directors present their annual report and the financial statements of the Company for the year ended 31 May 2023.

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, unless stated below:

D L Ward (resigned 1 June 2023)
G Bunting (resigned 1 June 2023)
S Griggs (resigned 1 June 2023)

The following Directors were appointed after the year end:
H A Bygrave (appointed 1 June 2023)
P D Mills (appointed 1 June 2023)
S G Weston (appointed 1 June 2023)

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 2023, and Deloitte LLP, the Company's intermediate parent, and, therefore, had an indirect beneficial interest in the share capital of the Company at 31 May 2023.

DIVIDENDS

The directors recommend that no final dividend is issued in respect of the financial year ended 31 May 2023 (2022: £Nil).

Interim dividends of £20 million (2022: £140 million) were declared and settled during the current year.

RESEARCH AND DEVELOPMENT

The Company has undertaken various complex technological IT projects including designing, building and implementing technology solutions. Some of these projects qualify for "Research and Development Expenditure Credits" (RDEC), therefore claims have been prepared in accordance with CTA 2009, Part 3, Chapter 6A.

DIRECTORS' INDEMNITY

Deloitte LLP, the Company's intermediate parent, has made qualifying third party indemnity provisions for the benefit of the Directors of the Company 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 23.

Directors' Report
For the year ended 31 May 2023 (continued)

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

For the year ended 31 May 2023, 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, 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 2023.

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 21.

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 7.

Directors' Report
For the year ended 31 May 2023 (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 they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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 12 January 2024 and signed on its behalf by:

....
H A Bygrave
Director

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), including FRS 102 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland. 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 United Kingdom Accounting Standards have been followed; 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 Directors 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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 2023 which comprise the Profit and Loss Account, the Balance Sheet, the 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 Directors' 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 Directors 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 Directors 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:

Non-compliance with laws and regulations
- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be FRS 102 and Companies Act 2006.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be relevant tax compliance regulations including corporation, payroll, and sales taxes in the jurisdictions in which the Company operates.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

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

Auditor's responsibilities for the audit of the financial statements (continued)
Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and key areas of estimation uncertainty or judgement.

Our procedures in respect of the above included:

- Selection of journal entries that met defined criteria, including manual journals, and supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Use of our report
This report is made solely to the Company's Directors, as a body, in accordance with our engagement letter dated 18 July 2023. 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.

DocuSigned by:
Nick Carter-Pegg
B74585C2373744A...

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

12 January 2024

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 2023

	Note	2023 £ 000	2022 £ 000
TURNOVER		1,507,622	1,303,533
External charges: expenses and disbursements on client assignments		(242,622)	(216,754)
Staff costs	4	(807,782)	(640,600)
Depreciation, amortisation and impairment		(19,833)	(4,239)
Other operating expenses		(313,218)	(312,119)
Other income		9,377	803
OPERATING PROFIT		133,544	130,624
Net finance income	5	954	372
PROFIT BEFORE TAX	6	134,498	130,996
Tax on profit	7	(29,061)	(24,331)
PROFIT FOR THE FINANCIAL YEAR		105,437	106,665

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 2023

	Note	2023 £ 000	2022 £ 000
FIXED ASSETS			
Intangible assets	9	25,968	16,544
Tangible assets		72	90
Investments	10	15,527	31,017
Loans receivable	11	17,818	18,946
		59,385	66,597
CURRENT ASSETS			
Debtors	12	288,920	300,263
Deferred tax assets	7	3,660	1,939
Loans receivable	11	1,564	-
Cash at bank and in hand		1,735	3,158
		295,879	305,360
CREDITORS: amounts falling due within one year	13	(206,936)	(309,066)
NET CURRENT ASSETS/(LIABILITIES)		88,943	(3,706)
NET ASSETS		148,328	62,891
CAPITAL AND RESERVES			
Called up share capital	15	4,261	4,261
Profit and loss account		144,067	58,630
SHAREHOLDERS' FUNDS		148,328	62,891

These financial statements of Deloitte MCS Limited, registration number 03311052, were approved by the Board of Directors and authorised for issue on 12 January 2024.

Signed of behalf of the Board of Directors

....

H A Bygrave
Director

Statement of Changes in Equity
For the year ended 31 May 2023

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 June 2021	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)
At 31 May 2022	4,261	58,630	62,891
Profit and total comprehensive income for the year	-	105,437	105,437
Dividends (Note 8)	-	(20,000)	(20,000)
At 31 May 2023	4,261	144,067	148,328

The notes on pages 36 to 52 form an integral part of these financial statements.

Notes to the Financial Statements
For the year ended 31 May 2023

1 GENERAL INFORMATION

Deloitte MCS Limited (the 'Company') is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

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

The principal activities of the Company and the nature of its operations are set out in the Strategic Report on pages 2 to 23.

These financial statements were authorised for issue by the Board of Directors on 12 January 2024.

2 ACCOUNTING POLICIES

Summary of significant accounting policies
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 have been prepared in accordance with Financial Reporting Standard 102, issued by the Financial Reporting Council, the Financial Reporting Standard applicable in the United Kingdom and the 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.

2 ACCOUNTING POLICIES (continued)

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 and Deloitte 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.

Going concern

The operations of the Company and that of the intermediate parent undertaking, Deloitte LLP are run on an integrated basis on a practical level. Payroll and purchasing are run on a joint basis such that Deloitte LLP settles most liabilities, and the Company receives an allocation of those costs. The Treasury function is also operated jointly such that cash pooling arrangements exist between the Company and Deloitte LLP. Therefore, the Company is reliant on the continued support of Deloitte LLP to meet its ongoing obligations as they fall due.

Deloitte LLP, has indicated a willingness to continue providing support to the Company for a minimum period of 12 months from the date of the approval of the financial statements, so as to ensure it remains able to meet its obligations as they fall due. Having regard to the above, the directors have, at the time of approving the financial statements, a reasonable expectation that the Company will be able to continue in operational existence for the going concern period. Thus, the going concern basis has been adopted in preparing the 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 Deloitte NSE LLP and Deloitte LLP.

2 ACCOUNTING POLICIES (continued)

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.

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.

Notes to the Financial Statements
For the year ended 31 May 2023 (continued)

2 ACCOUNTING POLICIES (continued)

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.

Tax
The tax expense for the period comprises current and deferred tax. Tax is recognised through the Profit and Loss Account, 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.

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	7 to 9 years
Brand and relationships	3 to 8 years
IT software	5 years

2 ACCOUNTING POLICIES (continued)

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

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.

2 ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets

Financial assets are initially recognised at their transaction price (including transaction costs). Financial assets include loans receivable, cash at bank and in hand, client debtors, amounts to be billed to clients, amounts due from other member firms of DTTL and certain other trade debtors. Loan receivables are subsequently carried at amortised cost using the effective interest method, less any impairment. All other financial assets, with no stated interest rate and receivables within one year, are subsequently carried at their transaction price less any impairment.

At the end of each reporting period, financial assets are assessed for objective evidence of impairment. Any losses arising from impairment are recognised in profit or loss account in other operating expenses. 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 in other operating expenses.

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 include trade creditors, amounts due to group undertakings, amounts due to other member firms of DTTL and accruals. These financial liabilities, with no stated interest rate and payable within one year, are measured at their transactions price (after deducting transaction costs).

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 AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements that have a significant impact on the amounts recognised and to make 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.

Critical accounting judgements

The following are 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.

Revenue recognition - Principal vs agent

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 service and which entity has the 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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carry amounts of assets and liabilities within the next financial year, are discussed below.

Revenue recognition - stage of completion

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

Notes to the Financial Statements
For the year ended 31 May 2023 (continued)

4 STAFF COSTS AND NUMBERS

The aggregate payroll costs were as follows:

	2023 £ 000	2022 £ 000
Salaries	648,691	515,398
Social security costs	79,282	62,945
Other pension costs (Note 14)	79,809	62,257
	807,782	640,600

The average number of employees, on a full-time equivalent basis, analysed by category was as follows:

	2023 No.	2022 No.
Fee earning staff	7,597	6,149
Support staff	111	143
	7,708	6,292

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.

5 NET FINANCE INCOME

	2023 £ 000	2022 £ 000
Finance income	1,073	410
Finance costs	(119)	(38)
	954	372

Notes to the Financial Statements
For the year ended 31 May 2023 (continued)

6 PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting):

	2023 £ 000	2022 £ 000
Depreciation and amortisation on owned assets:		
- Amortisation expense (Note 9)	3,438	4,229
- Depreciation expense	86	10
Net loss of impairment of owned assets - investments	16,309	-
Service charge	62,895	119,072
Net foreign exchange gains	(4,449)	(13,466)

The audit fee for the Company was £164,000 (2022: £125,000) for the current year. The audit fee for the current and previous year was 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.

7 TAXATION

Tax charged/(credited) in the profit and loss account comprises:

	2023 £ 000	2022 £ 000
Current taxation		
UK corporation tax on profits in the current period	31,231	25,349
UK corporation tax adjustment in respect of previous periods	(449)	(2,990)
	30,782	22,359
Deferred taxation		
Origination and reversal of timing differences	(1,377)	(17)
Effect of changes in tax rates	(344)	(86)
Adjustment in respect of previous periods	-	2,075
Total deferred taxation	(1,721)	1,972
Total tax expense in the profit and loss account	29,061	24,331

The Company's effective rate of Corporation Tax for the year was 22% (2022: 19%), higher than the standard rate of corporation tax in the UK of 20% (2022: the same as the standard rate of corporation tax in the UK of 19%).

Notes to the Financial Statements
For the year ended 31 May 2023 (continued)

7 TAXATION (continued)

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2023 £ 000	2022 £ 000
Profit before tax	134,498	130,996
Corporation tax at standard rate of 20% (2022: 19%)*	26,900	24,889
Effects of:		
Expenses not deductible	4,113	443
Income not taxable	(1,115)	-
Foreign tax	(44)	-
Adjustments in respect of previous periods	(449)	(915)
Tax rate changes	(344)	(86)
Total tax charge	29,061	24,331

** For the current year, the standard UK tax rate has been calculated using a weighted average rate, where 25% and 19% were applied, resulting in an average tax rate of 20%.*

Deferred taxation

Deferred tax asset	2023 £ 000	2022 £ 000
At 1 June	1,938	3,910
Adjustment in respect of prior periods	-	(2,075)
Origination and reversal of timing differences	1,377	17
Effect of changes in tax rate	345	86
At 31 May	3,660	1,938

Deferred tax consists of:	2023 £ 000	2022 £ 000
Fixed asset timing differences	1,740	1,687
Short term timing differences	1,669	-
Losses	251	251
Deferred tax asset	3,660	1,938

There is no expiry date on timing differences, unused tax losses or tax credits.

The Finance Act 2021 increased the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023.

8 DIVIDENDS

Interim dividends paid

	2023 £ 000	2022 £ 000
Interim dividends of £4.69 (2022: £32.86) per each ordinary share	20,000	140,000

9 INTANGIBLE ASSETS

	Goodwill £ 000	Brand and relationships £ 000	IT software £ 000	Total £ 000
Cost				
At 1 June 2022	24,028	11,887	5,106	41,021
Additions acquired separately	10,855	-	-	10,855
Transfers from investments	2,007	-	-	2,007
At 31 May 2023	36,890	11,887	5,106	53,883
Amortisation				
At 1 June 2022	16,816	4,917	2,744	24,477
Amortisation charge	1,937	1,058	443	3,438
At 31 May 2023	18,753	5,975	3,187	27,915
Carrying amount				
At 31 May 2023	18,137	5,912	1,919	25,968
At 31 May 2022	7,212	6,970	2,362	16,544

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 2023 (continued)

10 INVESTMENTS

	Subsidiaries £ 000	Joint venture £ 000	Total £ 000
Cost			
At 1 June 2022	36,228	2,231	38,459
Additions	3,726	-	3,726
Transfers to intangible assets	(2,007)	-	(2,007)
At 31 May 2023	37,947	2,231	40,178
Provision			
At 1 June 2022	7,442	-	7,442
Provision	17,209	-	17,209
At 31 May 2023	24,651	-	24,651
Carrying amount			
At 31 May 2023	13,296	2,231	15,527
At 31 May 2022	28,786	2,231	31,017

Details of undertakings
Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of shares held 2023	2022
Direct subsidiary undertakings				
ACNE AB	Box 160 69, 103 22 Stockholm, Sweden	Ordinary	100%	100%
Market Gravity Limited	1 New Street Square, London, EC4A 3HQ	Ordinary	100%	100%
Deloitte MCS AB	Tulegatan 15, 113 53 Stockholm, Sweden	Ordinary	100%	100%
Monitor Deloitte Limited	1 New Street Square, London, EC4A 3HQ	Ordinary	100%	100%
Etain Limited (in liquidation)	Lincoln Building, 27-45 Great Victoria Street, Belfast, BT2 7SL, Northern Ireland	Ordinary	100%	100%

Notes to the Financial Statements
For the year ended 31 May 2023 (continued)

10 INVESTMENTS (continued)

Undertaking	Registered office	Holding	Proportion of shares held	
Other significant holdings				
DTME 2 LLP (*)	Glategny Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 4EW		-	-

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

Undertaking	Registered office	Holding	Proportion of shares held 2023	2022
Indirect subsidiary undertakings				
ACNE Advertising AB	Box 160 69, 103 22 Stockholm, Sweden	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 (in liquidation)	1 New Street Square, London, EC4A 3HQ, UK	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.*

11 LOANS RECEIVABLE

	Total £ 000
Cost	
At 1 June 2022	18,946
Additions	2,025
FX revaluations	358
At 31 May 2023	21,329
Provision	
Provision made in the period	2,025
FX revaluations	(78)
At 31 May 2023	1,947
Carrying amount	
At 31 May 2023	19,382
At 31 May 2022	18,946

	2023 £ 000	2022 £ 000
Amounts receivable after 12 months	17,818	18,946
Amounts receivable within 12 months	1,564	-
	19,382	18,946

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 2023 is £17,818,238 (2022: £17,416,638).

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 2023 is £1,563,531 (2022: £1,529,481).

ACNE AB
On 5 May 2023, a working capital loan of SEK 26 million was advanced to ACNE AB. The annual rate of interest on the outstanding loan is 2.5% above the Riksbank Base Lending Rate. The working capital loan has been fully impaired in the year ended 31 May 2023. The carrying value as at 31 May 2023 is £Nil.

12 DEBTORS

	2023 £ 000	2022 £ 000
Client debtors	117,655	147,347
Amounts to be billed to clients	117,057	106,392
Amounts due from other member firms of DTTL	36,785	37,249
Corporation tax recoverable	6,700	3,638
Other debtors	10,232	5,081
Prepayments	491	556
	288,920	300,263

Amounts due from other member firms of DTTL includes amounts due from Deloitte NSE as well as other DTTL member firms and have no specified interest rate and are repayable on demand.

13 CREDITORS: amounts falling due within one year

	2023 £ 000	2022 £ 000
Progress billings for client work	47,142	68,029
Trade creditors	3,767	4,386
Amounts due to group undertakings	21,205	123,044
Amounts due to other member firms of DTTL	15,141	9,373
Social security and other taxes	14,628	8,637
Accruals	105,053	95,597
	206,936	309,066

Amounts due to other member firms of DTTL includes amounts due to Deloitte NSE as well as other DTTL member firms and have no specified interest rate and are payable on demand.

14 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 2023, the DPP scheme had 23,564 members (2022: 21,078), of which 7,574 (2022: 6,637) related to the employees of the Company.

At 31 May 2023, the Company had contributions payable to the DPP of £6,702,000 (2022: £nil), which has been settled after the year end.

The total cost charged as an expense for the year represents employer contributions payable to these schemes by the Company and amounted to £79,809,000 (2022: £62,257,000). Contributions for the year ended 31 May 2023 were higher than in the prior year, mainly due to increased scheme members.

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.

Notes to the Financial Statements
For the year ended 31 May 2023 (continued)

15 CAPITAL AND RESERVES

Allotted, called up and fully paid

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	4,260,526	4,260,526	4,260,526	4,260,526

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.

16 PARENT AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent is D&T Consulting Holdings Limited, incorporated in the United Kingdom. The ultimate parent and controlling party is Deloitte NSE LLP, incorporated in the United Kingdom.

The parent of the largest group in which these financial statements are consolidated is Deloitte NSE LLP

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

The parent of the smallest group in which these financial statements are consolidated is Deloitte LLP.

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

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.