

# **KPMG Holdings Plc**

## **Directors' report and financial statements**

Registered number 03512757

30 September 2008

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## **Directors' report**

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2008.

### **Principal activities**

The company acts as a holding and co-ordinating company for a number of companies associated with KPMG LLP which, as explained in note 11 to these financial statements, is the company's immediate controlling party.

The principal investments of the company at 30 September 2008 are set out in note 6.

### **Business review**

The company acts as a holding company and is engaged solely with the transactions associated with this activity.

### **Treasury policies**

The company's treasury policies focus on ensuring that there are sufficient funds to finance the business. Full details of the impact for the company of these treasury policies and management of the associated risks are given in note 10 to the financial statements.

### **Directors and directors' interests**

The directors who held office during the year were as follows:

R Bennison

JG Griffith-Jones

MD Blake

The company is a wholly owned subsidiary of KPMG LLP. The company's ultimate controlling party is KPMG Europe LLP. The directors in office at the end of the financial year therefore had no direct interest in the shares of the company or any other members of the KPMG Holdings group but, by virtue of their position as members of KPMG Europe LLP, had an indirect interest in the entire share capital of the company.

The company secretary is NK Challis.

### **Political and charitable contributions**

The company made no political or charitable contributions during the year.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## **Directors' report** *(continued)*

### **Auditors**

A resolution for the re-appointment of Grant Thornton UK LLP as auditor of the company will be proposed at the forthcoming Annual General Meeting.

By order of the Board



**Nigel Challis**  
*Company Secretary*

8 Salisbury Square  
London  
EC4Y 8BB

30 March 2009

## **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (adopted IFRSs) and applicable laws.

The financial statements are required by law and adopted IFRSs to present fairly the financial position and the performance of the company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with adopted IFRSs; 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 proper accounting records which 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Report of the independent auditor to the members of KPMG Holdings Plc

We have audited the financial statements of KPMG Holdings Plc for the year ended 30 September 2008, which comprise the income statement, the balance sheet, the cash flow statement and notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the 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.

### Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and International Financial Reporting Standards as adopted by the EU are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the EU, of the state of the company's affairs as at 30 September 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Grant Thornton UK LLP  
Registered auditor  
Chartered accountants

30 March 2009  
Gatwick

**Income statement**  
*for the year ended 30 September 2008*

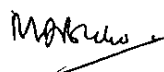
	<i>Note</i>	<b>2008</b> <b>£000</b>	<b>2007</b> <b>£000</b>
<b>Revenue</b>		-	-
Other operating expenses	3	(851)	-
<b>Operating loss</b>		<u>(851)</u>	<u>-</u>
Financial income	4	852	498
Financial expense	4	-	(71)
Net financial income		<u>852</u>	<u>427</u>
<b>Profit before taxation</b>		<u>1</u>	<u>427</u>
Tax expense	5	(32)	(70)
<b>(Loss) / profit for the financial year</b>		<u><u>(31)</u></u>	<u><u>357</u></u>

The company had no recognised income and expense other than that reflected in the income statement and accordingly no statement of recognised income and expense has been prepared.

**Balance sheet**  
*at 30 September 2008*

	<i>Note</i>	<b>2008</b> <b>£000</b>	<b>2007</b> <b>£000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	6	9,991	9,716
		<hr/>	<hr/>
<b>Current assets</b>			
Trade and other receivables	7	12,798	14,813
Cash and cash equivalents: bank balances		55	39
		<hr/>	<hr/>
		12,853	14,852
		<hr/>	<hr/>
<b>Total assets</b>		<b>22,844</b>	<b>24,568</b>
		<hr/>	<hr/>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	9	10,950	10,950
Retained earnings	9	584	615
		<hr/>	<hr/>
		11,534	11,565
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables	8	11,310	13,003
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>22,844</b>	<b>24,568</b>
		<hr/>	<hr/>

The financial statements on pages 4 to 16 were approved by the board of directors on 30 March 2009 and were signed on its behalf by:



**MD Blake**  
 Director

**Cash flow statement**  
*for the year ended 30 September 2008*

	<i>Note</i>	<b>2008</b> <b>£000</b>	<b>2007</b> <b>£000</b>
<b>Cash flows from operating activities</b>			
(Loss)/profit for the financial year		(31)	357
<i>Adjustments for:</i>			
Provision against investments		851	-
Financial income	4	(852)	(498)
Financial expense	4	-	71
Tax expense	5	32	70
		<hr/>	<hr/>
<b>Operating result before changes in working capital</b>		-	-
Decrease in trade and other receivables		2,432	35
Decrease in trade and other payables		(1,688)	(844)
		<hr/>	<hr/>
<b>Cash generated from/(absorbed by) operations</b>		744	(809)
Sundry finance costs		-	(8)
Group relief paid		(68)	(110)
Compensation payments (paid to)/received from group undertakings		(7)	43
		<hr/>	<hr/>
<b>Net cash generated from/(absorbed by) operating activities</b>		669	(884)
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Dividends received		472	324
Interest received		1	9
Acquisition of investments		(1,126)	-
		<hr/>	<hr/>
<b>Net cash flows from investing activities</b>		(653)	333
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		16	(551)
Cash and cash equivalents at the beginning of the year		39	590
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>		55	39
		<hr/>	<hr/>



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

KPMG Holdings Plc (the company) is a company incorporated in the UK.

The company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the European Union (adopted IFRSs).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. In these financial statements, the following adopted IFRSs, related amendments and interpretations are reflected for the first time:

- IFRS 7 'Financial instruments – disclosure': mandatory for financial years beginning on or after 1 January 2007.
- Amendment to IAS 1 'Presentation of Financial Statements Capital Disclosures': mandatory for financial years beginning on or after 1 January 2007.
- Amendment to IAS 39 and IFRS 7 'Reclassification of financial instruments': effective from 1 July 2008.

These new standards have had an impact on the disclosures given by the company but have no impact on the company's results or financial position.

Subsequent to the year end, the European Union endorsed certain other amendments to IAS; in particular, Amendments to IAS 1 'Presentation of Financial Statements: A Revised Presentation' (issued September 2007) and certain Improvements to IFRSs (issued May 2008) were of relevance to KPMG Holdings Plc. Whilst earlier application is permitted, these amendments are mandatory only for financial years beginning on or after 1 January 2009. Hence these amendments have not been reflected within these financial statements; it is anticipated that these amendments will be adopted in the year ending 30 September 2009.

#### ***Basis of preparation***

The financial statements are prepared in accordance with adopted IFRSs. The financial statements have been approved by the directors. The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value.

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Judgements made by management in the application of adopted IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 12.

The functional and presentation currency of the company is the pound sterling. The financial statements are presented in thousands of pounds (£'000).

#### ***Foreign currency***

Transactions in foreign currencies are recorded at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement within financial income or expense, as appropriate.

#### ***Taxation***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement or statement of recognised income and expense under the relevant heading and related balances are carried as tax payable or receivable in the balance sheet.

## Notes (continued)

### 1 Accounting policies (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

#### *Financial income and expense*

Financial income and expense comprises dividend income, bank interest and expenses and sundry finance income and expenses. Interest income is recognised as it accrues, using the effective interest method. All sundry finance expenses are recognised in profit or loss using the effective interest method.

#### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents and trade and other payables.

##### *Investments*

Non-current investments are stated at cost less provision for impairment.

##### *Trade and other receivables*

Trade and other receivables are recognised at fair value, based upon discounted cash flows at prevailing interest rates or at their nominal amount less impairment losses if due in less than 12 months. Subsequent to initial recognition, trade and other receivables are valued at amortised cost.

##### *Trade and other payables*

Trade and other payables are recognised at fair value, based upon the nominal amount outstanding. Subsequent to initial recognition, they are recorded at amortised cost.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. The cash and cash equivalents are stated at their nominal values.

#### *Impairment*

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (being the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

## Notes (continued)

### 1 Accounting policies (continued)

An impairment loss is recognised whenever the carrying value of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

An impairment loss in respect of a financial asset carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. In respect of other assets, an impairment loss is reversed where there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

### 2 Personnel numbers and costs

The company employed no staff during the period. Management services are carried out on behalf of the company by fellow group undertakings; no charges are levied for these services. No remuneration was paid to the directors for their services to the company.

### 3 Other operating expenses

Other operating expenses comprise impairment provisions against investments of £851,000 (2007: nil).

The auditors' remuneration of £4,000 (2007: £4,000) was borne by KPMG LLP.

### 4 Financial income and expense

	2008 £000	2007 £000
Bank interest income	1	9
Dividends received	472	324
Other income	362	165
Exchange gains	17	-
	<hr/>	<hr/>
Financial income	852	498
	<hr/>	<hr/>
Sundry finance costs	-	(8)
Exchange losses	-	(42)
Discount unwinding on interest bearing loan notes	-	(21)
	<hr/>	<hr/>
Financial expense	-	(71)
	<hr/>	<hr/>

Other income includes interest received from KPMG Corporate Finance LLC and Tax Computer Systems Limited on loans which were repaid during the year.

## Notes (continued)

### 5 Tax expense

Analysis of tax charge in the year:

	2008 £000	2007 £000
<i>Current year</i>		
Group relief payable	111	118
Compensation payments (receivable)/payable	(1)	7
Adjustments in respect of the prior year	(78)	(55)
	<hr/>	<hr/>
Tax expense in income statement	32	70
	<hr/>	<hr/>
	2008 £000	2007 £000
<i>Current year tax reconciliation</i>		
Profit before taxation	1	427
	<hr/>	<hr/>
Profit, multiplied by average standard rate of corporation tax in the UK of 29% (2007: 30%)	0	128
Impact of items not taxable	110	(3)
Adjustments in respect of prior years	(78)	(55)
UK corporation tax arising on transfer pricing adjustments	1	(7)
Compensation payments (receivable)/payable relating to transfer pricing adjustments	(1)	7
	<hr/>	<hr/>
Actual tax charge for the year, as above	32	70
	<hr/>	<hr/>

The tax charge largely results from the impact of UK transfer pricing legislation. However a payment to compensate KPMG Holdings Plc is made by fellow group undertakings where appropriate.

Payment for group relief surrendered is generally made at 29% (2007: 30%). No deferred tax arose in either year.

## Notes (continued)

### 6 Investments

	Shares in group undertakings £000
<b>Cost</b>	
At beginning of year	19,876
Additions	1,126
	<hr/>
At end of year	21,002
	<hr/>
<b>Provisions</b>	
At beginning of year	10,160
Charge for the year	851
	<hr/>
At end of year	11,011
	<hr/>
<b>Net book value</b>	
At 30 September 2008	9,991
	<hr/>
At 30 September 2007	9,716
	<hr/>

During the year, the company provided against the entire cost of investment in an overseas subsidiary undertaking as a result of continuing losses incurred by that entity.

At 30 September 2008, the principal entities in which the company had a significant interest were:

Subsidiary undertakings	Principal activity	Percentage of ordinary shares
<b>Held directly:</b>		
KPMG United Kingdom Plc	Specialist advisory services	100
KPMG UK Limited	Employment company	100
<b>Held indirectly:</b>		
KPMG Audit Plc	Statutory audits and related services	100
KPMG Corporate Finance LLC	Specialist advisory services	100

All of the above subsidiaries make up their accounts to 30 September each year; all are incorporated in England and Wales, except KPMG Corporate Finance LLC, which is incorporated in the United States of America.

### 7 Trade and other receivables

	2008 £000	2007 £000
Amounts owed by group undertakings	12,737	13,723
Other receivables	61	1,090
	<hr/>	<hr/>
	12,798	14,813
	<hr/>	<hr/>

## Notes (continued)

### 8 Trade and other payables

	2008 £000	2007 £000
Amounts owed to group undertakings	11,272	12,935
Group relief payable to group undertakings	38	68
	<u>11,310</u>	<u>13,003</u>

### 9 Capital and reserves

#### *Reconciliation of movement in capital and reserves*

	Share capital £000	Retained earnings £000	Total Equity £000
Balance at 1 October 2006	10,950	258	11,208
Total recognised income and expense	-	357	357
	<u>10,950</u>	<u>615</u>	<u>11,565</u>
Balance at 30 September 2007	10,950	615	11,565
Total recognised income and expense	-	(31)	(31)
<b>Balance at 30 September 2008</b>	<u><b>10,950</b></u>	<u><b>584</b></u>	<u><b>11,534</b></u>

#### *Share capital*

	2008 £000	2007 £000
<b>Authorised</b>		
10,950,000 Ordinary shares of £1 each	<u>10,950</u>	<u>10,950</u>
<b>Allotted, called up and fully paid</b>		
10,950,000 Ordinary shares of £1 each	<u><b>10,950</b></u>	<u><b>10,950</b></u>

The share capital of the company is entirely owned by KPMG LLP (see note 11). Capital requirements are considered by the group from time to time. The share capital of the company is considered to be the only capital to be managed; the objectives for managing capital being to ensure that the company remains solvent. There are no externally imposed capital requirements.

## Notes (continued)

### 10 Financial instruments

Financial instruments held by the company arise directly from its operations. The main purpose of these financial instruments is to finance the operations of the company.

The company has exposure to market risk, credit risk and liquidity risk arising from its use of financial instruments. This note presents information about the company's exposure to each of the above risks. The company adheres to group objectives, policies and processes for measuring and managing risk. It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken.

The KPMG Europe LLP Board has overall responsibility for the establishment and oversight of the group's risk management framework. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Further quantitative disclosures are included throughout these financial statements.

#### a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company uses derivatives on a case by case basis in order to manage market risks. The company does not hold or issue derivative financial instruments for trading purposes.

#### *Interest rate risk*

The company faces interest rate risks from investing and financing activities. The positions held are closely monitored by the Treasury function and proposals are discussed to align the positions with market expectations. Use of interest rate options or swaps is considered but no such derivatives were in fact entered into during the year.

#### *Exchange rate risk*

The functional currency of the company is the pound sterling. However, certain expenses and charges from other KPMG International member firms are denominated in other currencies.

The company has access to group currency cash balances in order to cover exposure to existing foreign currency receivables and payables and also to committed future transactions denominated in a foreign currency.

## Notes (continued)

### 10 Financial instruments (continued)

#### b) Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables.

#### Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of the company's financial assets as set out in the table below:

	2008 £000	2007 £000
<b>Loans and receivables</b>		
Bank balances	55	39
Amounts due from other group undertakings	12,737	13,723
Other receivables	61	1,090
	<hr/>	<hr/>
<b>Total financial assets</b>	<b>12,853</b>	<b>14,852</b>
	<hr/>	<hr/>

There were no impairment provisions against the company's financial assets as defined under IAS 39.

#### c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due, without incurring unacceptable losses or risking damage to the group's reputation.

The focus of the group's treasury policy is to ensure that there are sufficient funds to finance the business. Surplus funds are invested according to the assessment of rates of return available through the money market.

The Treasury function monitors the company's cash position daily and it is the group's policy to use finance facilities or to invest surplus funds efficiently. Limits are maintained on amounts to be deposited with each banking counterpart and these are reviewed regularly in the light of market changes.

The company has the following financial liabilities:

	2008 £000	2007 £000
Amounts owed to group undertakings	11,272	12,935
	<hr/>	<hr/>

None of the company's financial liabilities are interest bearing. All financial liabilities are repayable within one year. Hence, the contractual cash flows in all cases equal the carrying amount.



## Notes (continued)

### 10 Financial instruments (continued)

#### d) Interest rate risk

The financial assets of the company are non interest bearing, with the exception of the bank balances which are variable rate instruments.

##### *Cashflow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates during the year would have increased or decreased profit or loss by £500 (2007: £3,000). This analysis assumes that all other variables remain constant.

#### e) Exchange rate risk

As set out above, the company generally operates in its functional currency. Transactions in other currencies are relatively insignificant and the company has no material receivables or payables denominated in currencies other than sterling at either 30 September 2008 or 30 September 2007.

#### f) Fair values

The estimated fair values of the company's financial assets and liabilities approximate their carrying values at 30 September 2008 and 30 September 2007, largely owing to their short maturity. The bases for determining fair values are disclosed in note 1.

### 11 Related party disclosures

The company is wholly owned by KPMG LLP, a limited liability partnership registered in England and Wales.

In October 2007, KPMG LLP and the KPMG International member firm in Germany merged their previously independent practices. As a result of the merger, the company's ultimate controlling party became KPMG Europe LLP.

The largest group in which the results of the company were consolidated at 30 September 2008 was that of KPMG Europe LLP. The accounts of KPMG Europe LLP are available to the public and may be obtained from the principal place of business, Marie-Curie-Strasse 30, 60439 Frankfurt am Main, Germany. No other group accounts include the results of the company.

The company has a related party relationship with its fellow group undertakings. The company also has a related party relationship with key management, considered to be the statutory directors of the company.

##### *Transactions with group undertakings*

Whilst management services are carried out on behalf of the company by fellow group undertakings, no charges are levied for these services.

The company was credited with £6,000 in the year ended 30 September 2008 (2007: £2,000 charged) in respect of amounts receivable from fellow group undertakings, representing corporation tax compensation payments for the current year and including adjustment in respect of the prior years (see note 5). A further £38,000 has been charged to the company during the year (2007: £68,000) by fellow group undertakings in respect of group relief for the current and prior years. Dividends of £472,000 (2007: £324,000) have been received from group undertakings; no dividends have been paid to KPMG LLP during the year (2007: £nil). Interest of £58,000 (2007: £53,000) has been received from group undertakings.

## Notes (continued)

### 11 Related party disclosures (continued)

At year end, balances with group undertakings were as follows:

	2008 £000	2007 £000
<b>Trade and other receivables</b>		
Amounts owed by group undertakings	12,737	13,723
	<u>12,737</u>	<u>13,723</u>
<b>Trade and other payables</b>		
Amounts owed to group undertakings (including group relief)	(11,310)	(13,003)
	<u>(11,310)</u>	<u>(13,003)</u>

#### *Transactions with key management personnel*

The directors of the company are all separately members of KPMG Europe LLP and therefore have an interest in the transactions set out above. Key management personnel receive no directors' emoluments for their services to the company. There were no balances due to or from key management at either 30 September 2008 or 30 September 2007.

### 12 Accounting estimates and judgements

The directors of the company do not consider there to be any critical accounting judgements in applying the company's accounting policies. However, the following is considered a key source of estimation uncertainty:

#### *Carrying value of investments*

In considering the carrying value of investments, the company considers the estimated future profitability of its subsidiaries. A different assessment of the future profitability may result in a different value being determined for investments.