

## **KPMG Holdings Limited**

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

Registered number 03512757

30 September 2023

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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 2023.

### **The company**

KPMG Holdings Limited (the company) is a wholly owned subsidiary of KPMG LLP (see note 12). The company's ultimate controlling party is KPMG LLP (together with the subsidiary undertakings, the group).

### **Nature of the business**

The company acts as a holding and co-ordinating company for a number of companies associated with KPMG LLP. The investments of the company at 30 September 2023 are set out in note 7.

### **Strategic report**

Disclosures required under Section 172 of the Companies Act 2006 are given in the strategic report, including those relating to future developments, principal risks and uncertainties.

### **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 11 to the financial statements.

### **Relationships and resources**

#### ***Relationships with the community***

All community support work of the group in the UK is channelled through KPMG LLP. Similarly, environmental matters in the UK are managed through KPMG LLP. The company made no political or charitable contributions in either the current or prior year.

### **Going concern**

The financial position of the company, its cash flows and liquidity position are discussed in the strategic report on page 3. The company has access to a broad range of business expertise within the group and as a consequence, the Board believes that the company is well placed to manage its business risks successfully.

Forecasts have been prepared for the group, reflecting the group's long-term financial plan through to 30 September 2026 and covering the going concern assessment period of 12 months from the date of approval of these financial statements. These forecasts include a Plausible but Severe scenario that incorporates a number of impacts, including those arising from a deterioration of the economy, regulatory and client related matters. Whilst the Plausible but Severe scenario reflects a significantly reduced level of trading and revenue growth, it demonstrates that the group can withstand periods of reduced profitability, operating within borrowing facilities and covenants throughout the forecast period without reliance on liquidity enhancing measures.

These group forecasts have been reviewed by the directors and the company's ultimate parent entity, KPMG LLP, has agreed to provide financial support to the company for at least 12 months from the date of this report. Having considered the financial support available to the company for the next 12 months, the group's forecasts and the wider business risks faced by the group, including known events and conditions that may arise beyond the forecast period, the Board has a reasonable expectation that the company has adequate resources to continue in operational existence for the going concern assessment period, being 12 months from the date of approval of these financial statements. Accordingly, the Board continues to adopt the going concern basis in preparing these financial statements.

## **Directors' report continued**

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

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

Christopher Hearld

Catherine Burnet

The company secretary is Joanne Dean.

The directors in office at the end of the financial year had no direct interest in the shares of the company or any of its subsidiaries but, by virtue of their position as members of KPMG LLP, Chris Hearld and Cath Burnett had an indirect interest in the entire share capital of the company.

### **Directors' indemnities**

The company's ultimate parent entity, KPMG LLP, has made qualifying third-party indemnity provisions for the benefit of the directors of the company. As a supplement to this, directors' insurance cover has been established to provide appropriate cover for their reasonable actions on behalf of the company. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, remain in force at the date of this report.

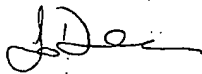
### **Disclosure of information to the auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

### **Auditor**

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Grant Thornton UK LLP will therefore continue in office.

By order of the Board



**Joanne Dean**  
*Company Secretary*

15 Canada Square  
Canary Wharf  
London  
E14 5GL

27 March 2024

## Strategic report

### Directors' duties: section 172

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard, amongst other matters, to the following:

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

The company is a wholly owned subsidiary of KPMG LLP (see note 12) acting as a holding entity within the group and is engaged solely with the transactions associated with this activity. It does not have employees and has no business relationships with suppliers, customers or others. Accordingly, the considerations that would apply in an operating or commercial trading company with respect to the company's employees, shareholders and other stakeholders do not apply. The following summarises how the directors' fulfil their duties in line with the requirements of section 172 relevant to this entity:

#### Consequences of decisions in the long-term – strategy and risk management factors

The company's strategy reflects that of KPMG LLP. The purpose of the group is to turn knowledge into value for the benefit of its clients, its people and the capital markets. The group's business plan continues to focus on people, client relationships, quality and reputation, and profitable growth. Performance of the group is monitored regularly throughout the year using a range of key performance indicators (KPIs).

The company acts as a holding company within the group and is engaged solely with the transactions associated with this activity. Hence, there were no specific KPI's relating solely to the performance of the company.

Risk management and internal control systems exist within the group to ensure that risks affecting the future development and performance of the group are mitigated. As set out above, the nature of the business is such that all transactions of the company are with fellow group undertakings. Accordingly, the directors do not consider there to be any external risks and uncertainties affecting the future development and performance of the company.

#### Performance and development during the year

The company incurred an operating loss of £1,518,000 (2022: £2,104,000) largely as a result of impairment of investments totalling £1,533,000 (2022: £2,098,000). However, the company also received dividends of £71,241,000 (2022: £74,666,000) from subsidiary entities in 2023 resulting in a profit for the year of £70,147,000 (2022: £72,844,000).

The company's operations generally absorb cash, funded either through dividends from subsidiary entities or bank financing facilities available to the group.

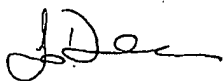
A dividend of £63,000,000 (2022: £63,600,000) was paid in the current year. Subsequent to the year end, in March 2024, the company received dividends from group undertakings totalling £36,500,000 and paid a dividend of £48,500,000 to its parent entity.

#### Financial position at the end of the year

At 30 September 2023, the company had net assets of £60,491,000 (2022: £53,344,000).

The company's receivables and payables are largely with fellow group undertakings.

By order of the Board



Joanne Dean  
 Company Secretary

15 Canada Square  
 Canary Wharf  
 London  
 E14 5GL

27 March 2024

## **Statement of directors' responsibilities in respect of the directors' report, strategic report and the financial statements**

The directors are responsible for preparing the directors' report, strategic 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 UK-adopted International Accounting Standards (adopted IFRSs).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Independent auditor's report to the members of KPMG Holdings Limited

### Opinion

We have audited the financial statements of KPMG Holdings Limited (the 'company') for the year ended 30 September 2023, which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as rising inflationary pressures and the rising cost of living, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

### Other information

The other information comprises the information included in the directors' report and strategic report. The directors are responsible for the other information. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

### Opinions on other matters prescribed by the Companies Act 2006

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

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

**Independent auditor's report to the members of KPMG Holdings Limited continued****Matters on which we are required to report under the Companies Act 2006**

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 directors' report or the strategic report.

**Matters on which we are required to report by exception**

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

**Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities set out on page 4, 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.

**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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined the most significant laws and regulations to be:

- those that relate to the reporting framework (UK-adopted International Accounting Standards) and;
- regulations governing auditors and accountants enforced by the FRC, ICAEW and PCAOB.

We understood how the company is complying with the relevant legal and regulatory frameworks by making enquiries of management and those charged with governance, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and legal correspondence.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through:

- enquiry of management throughout the business to understand areas where they considered there was a risk of fraud; and
- attendance at group audit committee meetings throughout the year which included reporting by internal audit of the key findings of their work.

We performed audit procedures to address each identified fraud risk. These included testing:

- journals which met a pre-defined criterion and corroborating to supporting documentation; and
- areas of judgement pertaining to the carrying value of investments and intercompany receivables.



## Independent auditor's report to the members of KPMG Holdings Limited continued

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

The engagement partner has assessed that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulations and this was achieved through adherence to internal quality control procedures and through planning and stand back meetings to identify and follow up on non-compliance risks.

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

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Grant Thornton UK LLP*

Jonathan Maile BSc (Hons) FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants

Crawley  
27 March 2024



KPMG Holdings Limited  
 Directors' report and financial statements  
 30 September 2023

**Income statement**

*For the year ended 30 September 2023*

	<i>Note</i>	<b>2023</b> £000	<b>2022</b> £000
<b>Revenue</b>		-	-
Other operating expenses	3	(1,518)	(2,104)
<b>Operating loss</b>		(1,518)	(2,104)
Financial income	5	72,756	75,497
Financial expense	5	(965)	(466)
<b>Net financial income</b>		71,791	75,031
<b>Profit before taxation</b>		70,273	72,927
Tax expense	6	(126)	(83)
<b>Profit for the financial year</b>		70,147	72,844

**Statement of comprehensive income**

*For the year ended 30 September 2023*

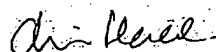
	<b>2023</b> £000	<b>2022</b> £000
<b>Profit for the financial year</b>	70,147	72,844
<b>Total comprehensive income for the year</b>	70,147	72,844

KPMG Holdings Limited  
Directors' report and financial statements  
30 September 2023

**Statement of financial position**  
*At 30 September 2023*

	<i>Note</i>	2023 £000	2022 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	7	48,956	47,480
Trade and other receivables	8	20,062	20,024
		<u>69,018</u>	<u>67,504</u>
<b>Current assets</b>			
Trade and other receivables	8	12,454	325
Cash and cash equivalents: bank balances		30	274
		<u>12,484</u>	<u>599</u>
<b>Total assets</b>		<u><u>81,502</u></u>	<u><u>68,103</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	10	100	100
Retained earnings		60,391	53,244
		<u>60,491</u>	<u>53,344</u>
<b>Non-current liabilities</b>			
Other payables	9	873	-
		<u>873</u>	<u>-</u>
<b>Current liabilities</b>			
Trade and other payables	9	20,014	14,691
Corporation Tax		124	68
		<u>20,138</u>	<u>14,759</u>
<b>Total liabilities</b>		<u>21,011</u>	<u>14,759</u>
<b>Total equity and liabilities</b>		<u><u>81,502</u></u>	<u><u>68,103</u></u>

The financial statements on pages 8 to 23 were approved by the board of directors on 27 March 2024 and were signed on its behalf by:



**Chris Hearld**  
Director

KPMG Holdings Limited: 03512757

**Statement of changes in equity**  
*For the year ended 30 September 2023*

	<i>Note</i>	<b>Share capital £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
Balance at 1 October 2021		100	44,000	44,100
<i>Total comprehensive income</i>				
Profit for the financial year		-	72,844	72,844
<i>Transactions with owners of the company</i>				
Dividends paid during the year	12	-	(63,600)	(63,600)
Balance at 30 September 2022		100	53,244	53,344
<i>Total comprehensive income</i>				
Profit for the financial year		-	70,147	70,147
<i>Transactions with owners of the company</i>				
Dividends paid during the year	12	-	(63,000)	(63,000)
<b>Balance at 30 September 2023</b>		<b>100</b>	<b>60,391</b>	<b>60,491</b>

## Statement of cash flows

For the year ended 30 September 2023

	Note	2023 £000	2022 £000
<b>Cash flows from operating activities</b>			
Profit for the financial year		70,147	72,844
<i>Adjustments for:</i>			
Financial income	5	(72,756)	(75,497)
Financial expense	5	965	466
Tax expense	6	126	83
Impairment losses on investments	7	1,533	2,098
		15	(6)
(Increase)/decrease in trade and other receivables		(13,715)	13,227
Increase/(decrease) in trade and other payables		5,405	(25,055)
<b>Cash absorbed by operations</b>		<b>(8,295)</b>	<b>(11,834)</b>
Interest paid		(244)	(282)
<b>Net cash absorbed by operating activities</b>		<b>(8,539)</b>	<b>(12,116)</b>
<b>Cash flows from investing activities</b>			
Dividend received	5	71,241	74,666
Interest received		97	170
Acquisition of investments		(43)	-
<b>Net cash flows from investing activities</b>		<b>71,295</b>	<b>74,836</b>
<b>Cash flows from financing activities</b>			
Dividends paid	12	(63,000)	(63,600)
<b>Net cash flows from financing activities</b>		<b>(63,000)</b>	<b>(63,600)</b>
Net decrease in cash and cash equivalents		(244)	(880)
Cash and cash equivalents at the beginning of the year		274	1,154
<b>Cash and cash equivalents at the end of the year</b>		<b>30</b>	<b>274</b>

**Notes***Forming part of the financial statements***1 Accounting policies**

KPMG Holdings Limited (the company) is a company incorporated in the United Kingdom. In accordance with the exemption available in IAS 27, these financial statements present information about the company as a separate entity and not about its group. Details of the group in which the results of the company are consolidated are given in note 12.

The company's financial statements have been prepared in accordance with UK-adopted International Accounting Standards (adopted IFRSs) and applicable law and have been approved by the directors.

Accounting policies that relate to the financial statements as a whole are set out in this note, while those that relate to specific areas of the financial statements are shown in the corresponding note. All accounting policies have been applied consistently to all periods presented in these financial statements. Whilst there are a number of new interpretations and amendments to adopted IFRSs, all of these have effective dates such that they do not yet fall to be applied by the company.

The company elected to early adopt the following IFRSs and related amendments in the year ended 30 September 2023:

- Amendments to IAS 8 'Definition of Accounting Estimates'; effective for periods beginning on or after 1 January 2023.
- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current': effective for periods beginning on or after 1 January 2024.

These amendments had no impact on these financial statements.

There are no other standards, interpretations or amendments that required mandatory application in the current year.

**Future developments**

There are a number of new amendments issued by the International Accounting Standards Board (IASB) that are effective for financial statements after this reporting period. The most relevant changes for the company are:

- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting policies'; effective for periods beginning on or after 1 January 2023.
- Amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules': effective for periods beginning on or after 1 January 2023.

Based on preliminary assessments, the adoption of these amendments is not expected to have a significant impact on either the company's results, financial position or disclosures.

**Basis of preparation**

The financial statements have been prepared on the historical cost basis.

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

**Going concern**

The financial position of the company, its cash flows and liquidity position are discussed in the strategic report. The company has access to a broad range of business expertise within the group and as a consequence, the Board believes that the company is well placed to manage its business risks successfully.

## Notes continued

### 1 Accounting policies continued

#### Going concern continued

Forecasts have been prepared for the group, reflecting the group's long-term financial plan through to 30 September 2026 and covering the going concern assessment period of 12 months from the date of approval of these financial statements. These forecasts include a Plausible but Severe scenario that incorporates a number of impacts, including those arising from a deterioration of the economy, regulatory and client related matters. Whilst the Plausible but Severe scenario reflects a significantly reduced level of trading and revenue growth, it demonstrates that the group can withstand periods of reduced profitability, operating within borrowing facilities and covenants throughout the forecast period without reliance on liquidity enhancing measures.

These group forecasts have been reviewed by the directors and the company's ultimate parent entity, KPMG LLP, has agreed to provide financial support to the company for at least 12 months from the date of this report. Having considered the financial support available to the company for the next 12 months, the group's forecasts and the wider business risks faced by the group, including known events and conditions that may arise beyond the forecast period, the Board has a reasonable expectation that the company has adequate resources to continue in operational existence for the going concern assessment period, being 12 months from the date of approval of these financial statements. Accordingly, the Board continues to adopt the going concern basis in preparing these financial statements.

#### Foreign currency

Transactions in currencies other than the company's functional currency are recorded at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end date are retranslated 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.

### 2 Accounting estimates and judgements

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, significant estimates and assumptions that affect the application of policies and reported amounts of revenue and expenses, assets and liabilities.

These judgements and significant estimates are based on historical experience and other factors, including market data and expectations of future events that are believed to be reasonable and constitute management's best assessment at the date of the financial statements. They are continually re-evaluated and actual experience could differ from the estimates, resulting in adjustments being required in future periods. Where appropriate, present values are calculated using discount rates reflecting currency and maturity of the items being valued.

The directors of the company consider that the following is a critical accounting judgement arising in the application of the company's accounting policies:

#### *Treatment of investment in operations in India*

The company holds investments in the group's operations in India. Other group entities have service agreements with, and benefit from, the activities of these operations. On a consolidated basis, the group has classified these entities as joint operations.

However, the directors do not consider that the company individually has both control and derives benefit from the operations and as such has not accounted for them as joint operations in these separate financial statements. A different assessment as to the relationship with these operations may result in a different treatment in these financial statements.

Estimates that may carry a significant risk of resulting in a material adjustment to the carrying amount of the assets and liabilities within the next financial year are considered as follows:

#### *Carrying value of investments*

In considering the carrying value of investments, being £48,956,000 at 30 September 2023 (2022: £47,480,000), the company considers the current intentions with respect to the future plans for each subsidiary entity, the group operating agreements in place, or planned to be in place, with these entities and the estimated future profitability of those subsidiaries as a result. A different assessment of the future profitability may result in a different value being determined for investments and any resulting impairment (see note 7).

## Notes continued

### 2 Accounting estimates and judgements continued

#### *Carrying value of intercompany receivables*

The carrying value of amounts due from other UK group undertakings is £30,802,000 at 30 September 2023 (2022: £20,093,000). No ECL has been recognised in the current or prior years. In calculating the ECL, the company have made certain assumptions as to the probability of the risk of loss occurring based on future forecasts of those businesses and scenarios reflecting sensitivities of those forecasts together with expectations as to the group's future intentions for those businesses. A different assessment of the probability weightings attributed to each scenario may result in a different value being determined for that ECL (see note 8).

### 3 Other operating expenses

Other operating expenses include the impairment losses on investments totalling £1,533,000 (2022: £2,098,000) (see note 7).

Auditor's remuneration for current and prior year was borne by a fellow group undertaking.

### 4 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.

### 5 Financial income and expense

#### **Accounting policy**

Financial income and expense comprises dividends received, interest income and expense on group balances, bank interest income and foreign exchange gains and losses. Dividend income is recognised on the date the company's right to receive payment is established. Interest income and expense is recognised as it accrues, using the effective interest method.

<b>Recognised in profit or loss:</b>	<b>2023 £000</b>	<b>2022 £000</b>
Bank Interest	31	3
Dividends received	71,241	74,666
Interest income on group balances (see note 8)	1,405	815
Exchange gains	79	13
<b>Financial income</b>	<b>72,756</b>	<b>75,497</b>
Interest expense on group balances (see note 9)	(899)	(466)
Other interest	(66)	-
<b>Financial expense</b>	<b>(965)</b>	<b>(466)</b>

The total interest income and expense arising from financial assets and liabilities that were not classified as fair value through profit or loss were £1,436,000 (2022: £818,000) and £965,000 (2022: £466,000) respectively.



## Notes continued

### 6 Tax expense

#### Accounting policy

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end, 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 year end.

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.

Analysis of expense in the year:

	2023 £000	2022 £000
UK corporation tax on profits for the year at 22% (2022: 19%)	124	68
UK corporation tax adjustments in respect of the prior year	2	15
	<hr/>	<hr/>
Tax expense in the income statement	126	83
	<hr/>	<hr/>
	2023 £000	2022 £000
Profit before taxation	70,273	72,927
	<hr/>	<hr/>
Profit, multiplied by the average standard rate of corporation tax in the UK of 22% (2022: 19%)	15,460	13,856
Impact of items not taxable	(15,336)	(13,788)
Adjustments in respect of prior periods	2	15
	<hr/>	<hr/>
Actual tax expense for the year, as above	126	83
	<hr/>	<hr/>

No deferred tax arose in either year.

#### Factors affecting the tax charge in future periods

The Finance Act 2021 increased the UK corporation tax rate to 25% from 1 April 2023 and Finance (No.2) Act 2023 implemented the OECD Base Erosion and Profit Shifting Pillar Two rules in the UK, specifically the multinational and domestic top-up taxes for accounting periods beginning on or after 31 December 2023. This will have an immaterial consequential effect on the company's future tax charges.

## Notes continued

### 7 Investments

The company's investments are stated at cost less provision for impairment.

	£000
<i>Cost</i>	
At beginning of year	130,503
Additions	3,009
	<hr/>
At end of year	133,512
	<hr/>
<i>Impairment</i>	
At beginning of year	83,023
Impairment loss charged during the year	1,533
	<hr/>
At end of year	84,556
	<hr/>
<i>Net book value</i>	
At 30 September 2023	48,956
	<hr/>
At 30 September 2022	47,480
	<hr/>

During the year ended 30 September 2023, the company acquired 100% of share capital of 4D Insight Limited for a consideration of £1,203,000, including deferred consideration of £129,000. The company also acquired 50% of share capital of Acceleris Capital Limited for a consideration of £2,000,000, creating a Joint Venture. The consideration included deferred consideration of £1,300,000, discounted to present value of £1,106,000.

In the year ended 30 September 2023, impairment losses of £1,533,000 (2022: £2,098,000) were recognised reflecting future trading and profitability expectations on the following businesses:

- KPMG Boxwood Limited: Impairment losses of £1,250,000 (2022: £500,000) were recognised, reducing the investment carrying value to reflect the expected future income stream following receipt of dividends in year.
- 4D Insight Limited: impairment losses of £233,000 (2022: £nil) were recognised, reducing the investment carrying value to reflect the expected future income stream following cessation of trade in that entity post-acquisition.
- KPMG Archer (US) Limited: Impairment losses of £50,000 were recognised, reducing the investment carrying value to reflect the expected recovery following planned liquidation.
- Nunwood sub-group: Impairment losses of £nil (2022: £1,452,000, following receipt of the final dividend on dissolution of one of the Nunwood sub-group subsidiary entities in March 2022) were recognised.
- KPMG Sourcing Limited: Impairment losses of £nil (2022: £146,000 following receipt of the final dividend on dissolution of the entity in March 2022) were recognised.

We have performed sensitivity analysis around the assumptions used for the value in use calculations: we consider it unlikely that there would be reasonably possible changes that could result in the carrying amount exceeding the recoverable amount for any individual asset.

At September 2023, the company had an interest in ITCC, a KPMG International entity, in addition to the following entities:

## Notes continued

## 7 Investments continued

Group undertakings	Incorporated in	Principal activity	Percentage of ordinary shares
<b>Held directly:</b>			
KPMG United Kingdom Plc	England <sup>1</sup>	Specialist advisory services	100
KPMG UK Limited	England <sup>1</sup>	Dormant entity	100
KPMG Audit Plc	England <sup>1</sup>	Specialist advisory services	100
KPMG CIO Advisory Limited	England <sup>12</sup>	In liquidation	100
KPMG Archer Limited	England <sup>12</sup>	In liquidation	100
KPMG Overseas Services Limited	England <sup>1</sup>	Support services for KPMG UK	100
KPMG Boxwood Limited	England <sup>1</sup>	Specialist advisory services	100
KPMG Archer (US) Limited	England <sup>1</sup>	Dormant entity	100
KPMG Nunwood Holdings Limited	England <sup>1</sup>	Holding entity	100
K Nominees Limited	England <sup>1</sup>	Dormant entity	100
KPMG Resource Centre Private Limited	India <sup>6</sup>	Internal support services	50
KPMG Global Advisory Holdings (Bermuda) LP	Bermuda <sup>7</sup>	Holding entity	50
KPMG Investments Malta Limited	Malta <sup>2</sup>	Holding entity	100
Daymer International Limited	England <sup>1</sup>	Dormant entity	100
KPMG Limited	Gibraltar <sup>5</sup>	Audit services	100
4D Insight Limited	England <sup>1</sup>	Dormant entity	100
KPMG Acceleris Limited	England <sup>11</sup>	Advisory services	50
<b>Held indirectly:</b>			
KPMG Nunwood Consulting Limited	England <sup>1</sup>	Specialist advisory services	100
KPMG UK (Transatlantic) LLC	USA <sup>3</sup>	Dormant entity	100
KPMG Advisory Limited	Gibraltar <sup>5</sup>	Advisory services	100
GKAS (Mauritius) Limited	Mauritius <sup>8</sup>	Holding entity	50
KPMG Global Services Management Private Limited	India <sup>9</sup>	Internal advisory support services	33
KPMG Global Services Private Limited	India <sup>9</sup>	Internal advisory support services	33
KPMG Global Services Inc	US <sup>10</sup>	Internal advisory support services	33
Crimsonwing Limited	Malta <sup>4</sup>	Holding entity	100
KPMG Crimsonwing (Malta) Limited	Malta <sup>4</sup>	Specialist advisory services	100
KPMG Crimsonwing Limited	England <sup>1</sup>	Specialist advisory services	100

## Registered offices:

- 15 Canada Square, Canary Wharf, London, E14 5GL
- 92, Marina Street, Pietà, PTA 9044, Malta
- The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County, Delaware, 19801
- Lignum House, Aldo Moro Road, Marsa, MRS9065, Malta
- 3B Leisure Island Business Centre, Ocean Village, Gibraltar
- 5<sup>th</sup> Floor, Tower C, Building No 10, DLF Cyber City, Phase – II Gurgaon, Gurgaon HR 122002, India
- Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda
- C/o Trident Trust Company (Mauritius) Limited, 5<sup>th</sup> Floor, Nexsky Building, Ebène, Cybercity, 72201, Mauritius
- 6<sup>th</sup> Floor, Tower C, Building No 10, DLF Cyber City, Phase – II Gurgaon, Gurgaon HR 122002, India
- 3 Chestnut Ridge Road, Montvale, New Jersey, USA 07645
- No 1 Circle Square, 3 Symphony Park, Manchester, England, M1 7FS
- C/o Interpath Limited, 10 Fleet Place, London, EC4M 7RB

All of the above companies make up their accounts to 30 September each year and are incorporated in England and Wales except where noted.

## Notes continued

## 8 Trade and other receivables

## Accounting policy

Trade and other receivables are initially recognised at their transaction price. Subsequent to initial recognition, trade and other receivables are recorded at amortised cost less expected credit losses (ECLs).

## Impairment

The company recognises loss allowances for ECLs on financial assets measured at amortised cost. The loss allowance is measured at an amount equal to lifetime ECLs.

When estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

	2023 £000	2022 £000
Amounts due from other group undertakings	32,002	20,093
Amounts due from other KPMG International member firms	49	55
Other receivables	465	201
	<u>32,516</u>	<u>20,349</u>
Non-current	20,062	20,024
Current	12,454	325
	<u>32,516</u>	<u>20,349</u>

Amounts due from other group undertakings include loans against which there are no impairment losses; the net remeasurement of the loss allowance in both the current and prior years reflects the current expectations on recovery of those amounts. Interest on the loan balance is recognised in the income statement within 'financial income' (see note 5).

## Notes continued

## 9 Trade and other payables

## Accounting policy

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

	2023 £000	2022 £000
Amounts due to other group undertakings	19,508	14,659
Other payables	1,379	32
	<u>20,887</u>	<u>14,691</u>
Non-current	873	-
Current	<u>20,014</u>	<u>14,691</u>
	<u>20,887</u>	<u>14,691</u>

Amounts due to other group undertakings include loans advanced by the parent entity, KPMG LLP. The loan incurs interest at SONIA plus 1%. Interest on the loan balance is recognised in the income statement within 'financial expense' (see note 5).

## 10 Share capital

	2023 £000	2022 £000
<i>Authorised, allotted, called up and fully paid</i>		
100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

The share capital of the company is entirely owned by KPMG LLP (see note 12). All ordinary shares rank equally with regard to the company's residual assets. 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.

## 11 Financial instruments

## Accounting policy

## Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instruments.

A financial asset or financial liability is initially measured at fair value plus transactions costs that are directly attributable to its acquisition.

## Notes continued

### 11 Financial instruments continued

#### Classification and subsequent measurement

##### Financial assets

##### (a) Classification

On initial recognition, a financial asset is classified as measured at either fair value through profit or loss (FVTPL) or amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held with the objective of collecting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company has no financial instruments measured at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

##### (b) Subsequent measurement and gains and losses

Financial assets at amortised cost – these are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Foreign exchange gains and losses and impairment losses are recognised in profit or loss. Financial assets are derecognised when substantially all the risks and rewards of ownership of the asset are transferred to another entity or the contractual rights to cashflows from the asset expire. Any gain or loss on derecognition is recognised in profit or loss.

##### Financial liabilities

##### Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Financial liabilities are derecognised when obligations are fully discharged, cancelled or expired. Any gain or loss on derecognition is also recognised in profit or loss.

#### Risk management framework

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. It is, and has been throughout the period under review, the policy of the company and the group that no trading in financial instruments shall be undertaken.

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.

The KPMG 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) Accounting classifications and fair values

The estimated fair values of the company's financial assets and liabilities approximate their carrying values at 30 September 2023 and 2022, largely owing to their short maturity or expected repayment profile. The basis for determining fair values are disclosed throughout these financial statements. The following table shows the classification and carrying amounts of the company's financial assets and financial liabilities. The company has no financial instruments carried at fair value at either 30 September 2023 or 30 September 2022.

Notes continued

11 Financial instruments continued

	Note	2023 £000	2022 £000
<b>At amortised cost</b>			
Amounts due from other group undertakings	8	30,802	20,093
Cash and cash equivalents		30	274
Amounts due from other KPMG International member firms	8	49	55
Other receivables	8	1,665	201
<b>Total financial assets at amortised cost</b>		<b>32,546</b>	<b>20,623</b>
<b>Non-derivative financial liabilities measured at amortised cost</b>			
Amounts due to other group undertakings	9	19,508	14,659
Other payables	9	1,379	32
<b>Total non-derivative financial liabilities measured at amortised cost</b>		<b>20,887</b>	<b>14,691</b>
<b>Total net financial instruments</b>		<b>11,659</b>	<b>5,932</b>

b) 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. The financial assets and liabilities of the company are non-interest bearing, with the exception of certain of the balances with other UK group undertakings and the bank balances which are variable rate instruments.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates during the year would have increased or decreased profit by £2,000 (2022: £7,000). This analysis assumes that all other variables remain constant.

*Exchange rate risk*

The functional currency of the company is pounds sterling. However, certain transactions with 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.

c) 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.

The company establishes allowances for impairment that represent its estimate of expected credit losses in respect of trade and other receivables. Impairment information is included in note 8. There are no impairment provisions against other classes of assets, other than the impairment loss recognised against the investments (see note 7).

The maximum exposure to credit risk is represented by the carrying amount of the company's financial assets as set out in section a) above.

## Notes continued

## 11 Financial instruments continued

## d) 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 non-derivative financial liabilities as set out in the table in section a) on page 21. All of those financial liabilities are measured at amortised cost. None of the company's financial liabilities are interest bearing with the exception of certain of the balances with other UK group undertakings (see note 9). Hence, the contractual cash flows equal the carrying amount. All financial liabilities are repayable within 12 months.

## 12 Related parties

The company is wholly owned by KPMG LLP, a limited liability partnership incorporated and registered in England and Wales. KPMG LLP is the company's ultimate controlling party.

The largest group in which the results of the company were consolidated for the year ended 30 September 2023 and 30 September 2022 is that of KPMG LLP and its subsidiaries. The group financial statements of KPMG LLP for the year ended 30 September 2022 and 30 September 2021 are available to the public at [www.kpmg.com/uk](http://www.kpmg.com/uk).

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 other UK group undertakings*

Whilst management services are carried out on behalf of the company by fellow group undertakings, no charges are levied for these services. Transactions with other UK group undertakings during the year were as follows:

	2023 £000	2022 £000
Interest income on group balances	(1,340)	(815)
Interest expense on group balances	899	466

During the year the company received a dividend from its subsidiary entities of £71,241,000 (2022: £74,666,000) and paid a dividend to its parent entity of £63,000,000 (2022: £63,600,000). Subsequent to the year end, in March 2024, the company received dividends from group undertakings totalling £36,500,000 and paid a dividend of £48,500,000 to its parent entity.

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

	2023 £000	2022 £000
<b>Trade and other receivables</b>		
Amounts due from other group undertakings	30,802	20,093
<b>Trade and other payables</b>		
Amounts due to other group undertakings	19,508	14,659



**Notes continued**

**12 Related parties continued**

*Transactions with key management personnel*

The directors of the company at 30 September 2023 are all separately members of KPMG 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 are no other transactions with key management personnel. There were no balances due to or from key management at either 30 September 2023 or 30 September 2022.