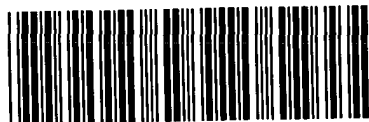


BDO LLP Limited

Report and Financial statements for the
53 weeks ended 05 July 2019

Registered number: 5177887

WEDNESDAY



A93ZXE4A

A14

29/04/2020

#120

COMPANIES HOUSE

BDO LLP Limited

Report and financial statements for the 53 weeks ended 05 July 2019

Contents

Page:

| | |
|----|-----------------------------------|
| 1 | Strategic report |
| 2 | Directors' report |
| 4 | Independent auditors' report |
| 7 | Profit and loss account |
| 8 | Balance sheet |
| 9 | Statement of changes in equity |
| 10 | Notes to the financial statements |

Directors

A Butterworth
M A Sherfield
S Knight
D I Lowson
A L Sayers (appointed 29 January 2019)
J A Randall (appointed 2 February 2019)

Company secretary

M A Hutchinson

Company type

Private company limited by shares

Registered office

55 Baker Street, London, W1U 7EU

Registered number

5177887

Independent auditors

PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, 1 Embankment Place, London, WC2N 6RH

BDO LLP Limited

Strategic report for the 53 weeks ended 05 July 2019

Development and performance

The directors are satisfied with the trading results for the financial year ended 05 July 2019.

The profit and loss account is set out on page 7 and shows a loss of £19.7m (2018 – profit of £3.9m) for the financial year. The balance sheet is set out on page 8 and shows a net liability position of £33.6m (2018 – net assets of £2.7m).

Through the year, the company has provided a variety of professional services to its clients. The company has contracted with BDO LLP to manage and deliver these services to its clients. The provision of these services is governed by a Professional Services Agreement (PSA). The company has retained full exposure to the risks and rewards associated with the businesses it has acquired and the provision of services to its clients; accordingly, the income generated and costs incurred by each of those businesses, have been presented in these financial statements.

The members of BDO LLP, the ultimate parent undertaking, manage the LLP's operations on a divisional basis. The management of the company review high-level results of the LLP on a regular basis to ensure that the company can adequately monitor its performance and its ability to deliver to the company's clients.

Turnover has increased slightly year on year (2019 - £8.6m, 2018 - £8.5m). The business is significantly project based and can be subject to varying levels of demand. Further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the company.

The company has concluded its discussions in relation to the dispute with HMRC resulting in other operating costs of £41m.

Transfer of trade

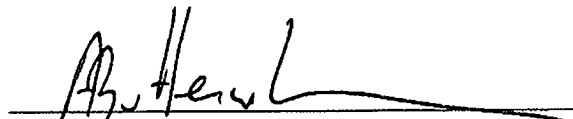
On 1 July 2019, the trade was transferred to BDO LLP its ultimate parent company for £1. The company will continue to be a holding company for the group's trading subsidiaries.

Risk management

During the financial year, the directors met on a regular basis to review and monitor controls and processes designed to mitigate exposure to financial, operational, strategic and professional risk. The company relies on BDO LLP to provide the agreed services to its clients under the PSA and consequently the principal risk for the company was that BDO LLP failed to deliver services in accordance with the PSA, which could have led to dissatisfied clients and consequent client retention issues. Other key risks that could have faced the business were exposure to markets and maintenance of activity levels.

To mitigate these risks, the directors monitor BDO LLP's service delivery through client surveys and review of internal quality control systems reinforcing quality output.

On behalf of the Board



**A Butterworth
Director**

24 April 2020

BDO LLP Limited

Directors' report for the 53 weeks ended 05 July 2019

The directors present their report, together with the audited financial statements for the year ended 05 July 2019.

Dividends

Dividends of £20.4m were received during the year (2018 - £3.0m) from BDO Services Limited.

Dividends and distributions of £16.6m were paid during the year (2018 - £1.6m).

Financial risk management

The company's operations could expose it to a variety of financial risks that include the effects of price risk, credit risk and liquidity risk. During the year, the company had in place a risk management programme that sought to limit the adverse effects on its financial performance by monitoring these risks. The Board had responsibility for monitoring this programme and its policies were implemented by the finance director.

During the year, the following were identified as the key risks:

- Price risk: the company is exposed to changes in market prices but the directors do not believe that any forward agreements are necessary at the current time
- Credit risk: client work is only accepted after detailed client diligence procedures
- Liquidity risk: The company conducts most of its trade through the professional services agreement with BDO LLP. BDO LLP is financed with short-term bank overdraft and longer term borrowings which match the needs of the business of BDO LLP Limited.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

A Butterworth
M A Sherfield
S Knight
T Payne (resigned 5 July 2019)
D I Lowson
A L Sayers (appointed 29 January 2019)
J A Randall (appointed 2 February 2019)

Going concern

The company is in a net liability position as at year end however the Directors have a reasonable expectation that this deficit will be cleared via dividend from its profitable subsidiaries in due course. In the meantime the company is dependent on financial support provided by its parent undertaking, BDO LLP.

The appropriateness of the directors' use of the going concern assumption in preparing these financial statements is therefore dependent upon the company's relationship with, its ultimate parent entity and that parent's ongoing status as a going concern. The emergence of the COVID-19 coronavirus, and actions taken by governments in order to reduce its spread, has the potential to severely disrupt and imperil these ongoing arrangements, and the ultimate parent entity's ongoing trade. The directors are currently unable to ascertain the severity of this matter and hence regard it as a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

However, the directors' current expectation is that BDO LLP will withstand the impact of the coronavirus and be able to continue to provide financial support for the foreseeable future. Therefore, the going concern basis has been adopted in preparing the financial statements.

BDO LLP Limited

Directors' report for the 53 weeks ended 05 July 2019

Directors' indemnity statement

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors which is provided for by the ultimate parent undertaking.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

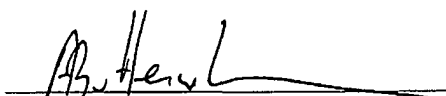
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have 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 auditors are aware of that information.

On behalf of the Board



A Butterworth
Director
24 April 2020

BDO LLP Limited

Independent auditors' report to the members of BDO LLP Limited

Report on the audit of the financial statements

Opinion

In our opinion, BDO LLP Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 5 July 2019 and of its loss for the 53 week then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and financial statements (the "Annual Report"), which comprise: Balance sheet as at 5 July 2019; the Profit and loss account, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern.

The company's status as a going concern is dependent upon the continued financial support of its ultimate parent entity. The emergence of the COVID-19 coronavirus, and related action taken by governments in order to reduce the spread of the virus, has the potential to cause significant disruption to the company's and its ultimate parent's operations.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

BDO LLP Limited

Independent auditors' report to the members of BDO LLP Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 5 July 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

BDO LLP Limited

Independent auditors' report to the members of BDO LLP Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Nigel Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

24th April 2020

BDO LLP Limited

Profit and loss account for the 53 weeks ended 05 July 2019

| | Note | 53 weeks Ended 05 July 2019 £'m | 52 weeks Ended 29 June 2018 £'m |
|---|------|--|--|
| Turnover | 3 | 8.6 | 8.5 |
| Cost of sales | | (5.3) | (5.3) |
| Gross profit | | 3.3 | 3.2 |
| Administrative expenses | | (1.9) | (2.1) |
| Other operating expenses | 4 | (41.2) | - |
| Operating (loss)/profit | 6 | (39.8) | 1.1 |
| Income from shares in group undertakings | | 20.4 | 3.0 |
| (Loss)/profit before interest and taxation | | (19.4) | 4.1 |
| (Loss)/profit before taxation | | (19.4) | 4.1 |
| Tax on (loss)/profit | 7 | (0.3) | (0.2) |
| (Loss)/profit for the financial year | | (19.7) | 3.9 |

All amounts relate to discontinued operations (note 8)

The notes on pages 10 to 17 form part of these financial statements.

BDO LLP Limited

Balance sheet as at 05 July 2019

| Registered number: 5177887 | Note | 05 July 2019 £'m | 05 July 2019 £'m | 29 June 2018 £'m | 29 June 2018 £'m |
|--|-------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Fixed assets | | | | | |
| Intangible assets | 8 | - | - | - | - |
| Investments | 9 | - | - | - | - |
| | | | | | |
| Current assets | | | | | |
| Debtors | 10 | 1.8 | | 2.8 | |
| Cash at bank and in hand | | 34.3 | | - | |
| Creditors: amounts falling due within one year | 11 | (35.7) | | (0.1) | |
| Net current assets | | | 0.4 | | 2.7 |
| Total assets less current liabilities | | | 0.4 | | 2.7 |
| Creditors: amounts falling due after more than one year | 12 | | (34.0) | | - |
| Net (liabilities)/assets | | | (33.6) | | 2.7 |
| Capital and reserves | | | | | |
| Called up share capital | 14 | - | - | - | - |
| Profit and loss account | | | (33.6) | | 2.7 |
| Total equity | | | (33.6) | | 2.7 |

The financial statements on pages 7 to 17 were approved by the Board of directors on 24 April 2020 and signed on its behalf by:



M A Sherfield
Director

The notes on pages 10 to 17 form part of these financial statements.

BDO LLP Limited

Statement of changes in equity for the 53 weeks ended 05 July 2019

| | Called up share capital £'m | Profit and loss account £'m | Total Equity £'m |
|---|--------------------------------------|--------------------------------------|------------------------|
| 1 July 2017 | - | 0.4 | 0.4 |
| Profit and total comprehensive income for the financial year | - | 3.9 | 3.9 |
| Contributions by and distributions to owners: | | | |
| Dividends | - | (1.6) | (1.6) |
| | <hr/> | <hr/> | <hr/> |
| 29 June 2018 | - | 2.7 | 2.7 |
| | <hr/> | <hr/> | <hr/> |
| 30 June 2018 | - | 2.7 | 2.7 |
| Loss and total comprehensive expense for the financial year | - | (19.7) | (19.7) |
| Contributions by and distributions to owners: | | | |
| Dividends and distributions | - | (16.6) | (16.6) |
| | <hr/> | <hr/> | <hr/> |
| 05 July 2019 | - | (33.6) | (33.6) |
| | <hr/> | <hr/> | <hr/> |

The notes on pages 10 to 17 form part of these financial statements.

BDO LLP Limited

Notes to the financial statements for the 53 weeks ended 05 July 2019

1 Accounting policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. In respect of the recognition and measurement of financial instruments, section 11 and 12 of FRS 102 have been applied accordingly. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

BDO LLP Limited is a Private UK limited company registered in England and Wales under number 05177887. The registered office is 55 Baker Street, London, W1U 7EU

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. Further details are given in note 2.

FRS 102 reduced disclosure exemptions

As a member of a group where the parent of that group prepares publicly available consolidated financial statements intended to give a true and fair view and by virtue of being included in that consolidation, the company meets the definition of a qualifying entity for the purposes of applying the reduced disclosure exemptions in FRS 102. Accordingly, in preparing these financial statements advantage has been taken of the following disclosure exemptions:

- No cash flow statement has been presented; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the company as their remuneration is included in the consolidated financial statements for the group of which it is a member.

Going concern

The company is in a net liability position as at year end however the Directors have a reasonable expectation that this deficit will be cleared via dividend from its profitable subsidiaries in due course. In the meantime the company is dependent on financial support provided by its parent undertaking, BDO LLP.

The appropriateness of the directors' use of the going concern assumption in preparing these financial statements is therefore dependent upon the company's relationship with, its ultimate parent entity and that parent's ongoing status as a going concern. The emergence of the COVID-19 coronavirus, and actions taken by governments in order to reduce its spread, has the potential to severely disrupt and imperil these ongoing arrangements, and the ultimate parent entity's ongoing trade. The directors are currently unable to ascertain the severity of this matter and hence regard it as a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

However, the directors' current expectation is that BDO LLP will withstand the impact of the coronavirus and be able to continue to provide financial support for the foreseeable future. Therefore, the going concern basis has been adopted in preparing the financial statements.

BDO LLP Limited

Notes to the financial statements for the 53 weeks ended 05 July 2019 (*continued*)

1 Accounting policies (*continued*)

The following principal accounting policies have, except where stated, been applied consistently during the year:

Consolidated financial statements

The financial statements contain information about BDO LLP Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in EEA group financial statements of a larger group, headed up by BDO LLP, which are publicly available.

Turnover

Turnover represents the fair value of services provided during the period to clients. Turnover is recognised as contract activity progresses and the right to consideration is earned. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, skills and expertise provided and expenses incurred, but excludes VAT.

Turnover in respect of contingent fee assignments (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs and the fee is assured. *Fixed asset investments*

Investments in subsidiary undertakings are stated at cost less provision for any impairment.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost using the effective interest rate.

Goodwill

Goodwill arises on acquisitions and represents the excess of the fair value of the consideration given and associated costs over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and written off on a straight line basis over its expected useful economic life and provision is made for any impairment in value. The expected useful economic life of goodwill is assessed for each acquisition individually and is currently written off over periods of up to ten years.

BDO LLP Limited

Notes to the financial statements for the 53 weeks ended 05 July 2019 (*continued*)

1 Accounting policies (*continued*)

Current and deferred taxation

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

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's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by shareholders at an annual general meeting.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have not made any judgements or estimates. The directors do not believe there is any risk over the recoverability of intercompany balances.

3 Turnover

Turnover is mainly attributable to the principal activity of the company and arises solely within the United Kingdom. Through the year, the company has provided a variety of professional services to its clients. The company has contracted with BDO LLP to manage and deliver these services to its clients. The provision of these services is governed by a Professional Services Agreement (PSA).

4 Other operating expenses

Included in other operating expenses is a charge of £34.0m under the terms of the Professional Services Agreement with BDO LLP and a payment of £7.2m to HMRC in relation to the dispute into prior acquisitions.

BDO LLP Limited

Notes to the financial statements for the 53 weeks ended 05 July 2019 (continued)

5 Employees

The company has no employees other than the directors (2018 – nil). The average number of directors in the year is 6 (2018 - 5) and the directors received £105,817 remuneration from the company (2018 - £100,000). Auditors' remuneration solely refers to audit fees.

6 Operating (loss)/profit

| | 53 weeks Ended 05 July 2019 £'m | 52 weeks Ended 29 June 2018 £'m |
|--------------------------|--|--|
| Amortisation of goodwill | - | 0.8 |
| Auditors' remuneration | - | - |
| | <u> </u> | <u> </u> |

7 Tax on (loss)/profit

| | 53 weeks Ended 05 July 2019 £'m | 52 weeks Ended 29 June 2018 £'m |
|--------------------|--|--|
| <i>Current tax</i> | | |
| UK corporation tax | 0.3 | 0.2 |
| | <u> </u> | <u> </u> |

The tax assessed for the financial year is higher (2018: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

| | 53 weeks Ended 05 July 2019 £'m | 52 weeks Ended 29 June 2018 £'m |
|---|--|--|
| (Loss)/profit before taxation | (19.4) | 4.1 |
| | <u> </u> | <u> </u> |
| (Loss)/profit before taxation at the standard rate of corporation tax in the UK of 19% (2018 - 19%) | (3.7) | 0.8 |
| Effect of: | | |
| Expenses/(income) not subject to taxation: | | |
| Disallowable expenses | 7.9 | - |
| Non-taxable income | (3.9) | (0.6) |
| | <u> </u> | <u> </u> |
| Total tax charge | 0.3 | 0.2 |
| | <u> </u> | <u> </u> |

During the financial year the HMRC discussions reported in the previous year were concluded and no further liabilities will arise in respect of this matter.

BDO LLP Limited

Notes to the financial statements for the 53 weeks ended 05 July 2019 (*continued*)

8 Intangible assets

The goodwill relates to purchased goodwill on trade acquisitions. Purchased goodwill is amortised over its estimated useful lives. The actual lives of the asset are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation are taken into account.

| | Purchased goodwill £'m |
|---------------------------------|---------------------------|
| <i>Cost or valuation</i> | |
| At 30 June 2018 | 30.2 |
| Disposals | (30.2) |
| At 05 July 2019 | - |
| <i>Accumulated amortisation</i> | |
| At 30 June 2018 | 30.2 |
| Disposals | (30.2) |
| At 05 July 2019 | - |
| <i>Net book value</i> | |
| At 05 July 2019 | - |
| At 29 June 2018 | - |

On 1 July 2019, the trade of BDO LLP Limited was transferred to BDO LLP, its ultimate parent undertaking, for £1. All trade has been disclosed in the profit and loss account as discontinued operations.

9 Investments

| | Subsidiary Undertakings £'000 |
|--|----------------------------------|
| Cost and net book value - ordinary shares | |
| At 29 June 2018 and 05 July 2019 | 10 |

BDO LLP Limited

Notes to the financial statements for the 53 weeks ended 05 July 2019 (continued)

9 Investments (continued)

The undertakings in which the company has an interest at the period end are as follows:

| Subsidiary Undertakings | Country of incorporation, registration and operation | Proportion of voting rights, ordinary share capital held | Nature of business |
|--|--|--|-----------------------|
| Direct interests: | | | |
| Registered at: 55 Baker St, London, W1U 7EU | | | |
| BDO Services Limited | England & Wales | 100% | Professional services |
| Chiltern tax support for professionals | England & Wales | 100% | Professional services |
| Indirect interests: | | | |
| Registered at: 55 Baker St, London, W1U 7EU | | | |
| BDO Employment Services Ltd | England & Wales | 100% (£2) | Professional services |
| BDO Collections Ltd | England & Wales | 100% (£100) | Professional services |
| BDO VAT Agents Ltd | England & Wales | 100% (£100) | Professional services |
| BDO Probate Services Ltd | England & Wales | 100% (£1) | Professional services |
| BDO Holdings Ltd | England & Wales | 100% (£1) | Holding company |
| BDO IFI Services Ltd | England & Wales | 100% | Professional services |
| Registered at: Suite 5, 4 Watergardens, Waterport, Gibraltar | | | |
| Moore Stephens IFI Services Ltd | Gibraltar | 100% | Professional services |
| Registered at: 1 Pembi Close, Glen Lorne, Harare, Zimbabwe | | | |
| BDO IFI Pvt Ltd | Zimbabwe | 100% | Professional services |
| Registered at: Plot number 893, Mosi-O-Tunya road, woodlands, Lusaka, Zambia | | | |
| BDO IFI Lusaka | Zambia | 100% | Professional services |

The directors believe that the carrying value of the investments is supported by their underlying net assets. Post year end dividends have been received.

| 10 Debtors | 05 July 2019 £'m | 29 June 2018 £'m |
|------------------------------------|------------------------|------------------------|
| Amounts owed by group undertakings | 1.8 | 2.8 |

The amounts owed by group undertakings are interest free and unsecured and repayable on demand.

| 11 Creditors: amounts falling due within one year | 05 July 2019 £'m | 29 June 2018 £'m |
|---|------------------------|------------------------|
| Amounts owed to group undertakings | 35.5 | - |
| Corporation Tax | 0.2 | 0.1 |
| | 35.7 | 0.1 |

The amounts owed to group undertakings are interest free and unsecured and repayable on demand.

BDO LLP Limited

Notes to the financial statements for the 53 weeks ended 05 July 2019 (*continued*)

| 12 Creditors: amounts falling due after more than one year | 05 July 2019 £'m | 29 June 2018 £'m |
|---|---------------------------------|---------------------------------|
| Amounts owed to group undertakings - loan | 34.0 | - |

The amounts owed to group undertakings – loan, are interest bearing at 1.8% above LIBOR and are repayable by June 2022.

13 Financial instruments

The company's financial instruments may be analysed as follows:

| | 05 July 2019 £'m | 29 June 2018 £'m |
|--|---------------------------------|---------------------------------|
| Financial assets measured at amortised cost | 36.1 | 2.8 |
| Financial liabilities measured at amortised cost | 69.5 | - |

Financial assets measured at amortised cost comprise amounts owed by group undertakings and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings.

| 14 Called up share capital | 05 July 2019 £'000 | 29 June 2018 £'000 |
|---|-----------------------------------|-----------------------------------|
| <i>Allotted and fully paid</i> 10,001 (2018 - 10,001) ordinary shares of £1 (2018 - £1) each | 10 | 10 |

| 15 Dividends and distributions | 05 July 2019 £'m | 29 June 2018 £'m |
|---|---------------------------------|---------------------------------|
| Dividends and distributions paid on equity capital £1,664 (2018: £160) per ordinary share | 16.6 | 1.6 |

The dividends and distributions were paid during the course of the year, the directors having prepared interim accounts as required by section 836 of the Companies Act 2006.

BDO LLP Limited

Notes to the financial statements for the 53 weeks ended 05 July 2019 (*continued*)

16 Ultimate parent company and parent undertaking of larger group

The ultimate parent undertaking and controlling party is BDO LLP, a limited liability partnership incorporated in the UK and registered in England. Consolidated financial statements are only prepared in respect of BDO LLP which is the parent undertaking of the largest and smallest group of undertakings. Copies of the consolidated financial statements of BDO LLP are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.