Registration number: 07249753

Deloitte Global Services Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 May 2023

Deloitte Global Services Limited

Contents

Deloitte Global Services Limited

Company Information

Directors	Lara Abrash
	Dennis Chow
	Marcelino Alonso Dobao
	Klaus Loeffler
	Anna Marks
	Elisebeth Mol
	Duncan Sinclair
	Joseph Ucuzoglu
Registered office	1 New Street Square London United Kingdom EC4A 3HQ
Auditors	BDO LLP Statutory Auditor London UK

Deloitte Global Services Limited

Strategic Report
For the Year Ended 31 May 2023

The Directors present their strategic report for the year ended 31 May 2023.

Principal activity and business review

Deloitte Global Services Limited ("DGSL" or "the Company") is a private company limited by guarantee, incorporated in England and Wales.

The principal activity of DGSL and its direct and indirect subsidiaries Deloitte Touche Tohmatsu Services LLC ("Services" or "DTTS"), DGSL CoRe Limited ("CoRe"), Global Conferencing Services S.à r.l. ("GCS"), Deloitte Contracting Advisors LLC ("DCA"), DGTS USA LLC ("DGTS US"), DGTS Germany GmbH ("DGTS Germany"), DGT Services (Singapore) Pte. Ltd ("DGTS Singapore"), DGSL Privacy Services Limited ("DGSL Privacy"), DTTS Overseas Services LLC, DTTS Overseas Project LLC, DTT Forensic Resources and Deloitte Technology Limited ("DTL"), together referred to as the "Group", is to provide services directly, or indirectly through its parent Deloitte Global Services Holdings Limited ("DGSHL"), to member firms of Deloitte Touche Tohmatsu Limited ("DTTL") and their related entities to further the international alignment, cooperation, and cohesion among the member firms. The Group supports the initiatives approved by the DTTL Board of Directors and Representatives of the member firms of DTTL.

The Group is not engaged in providing services to clients outside of the member firms of DTTL. Each of the member firms of DTTL is a separate and independent legal entity. The Group and the member firms of DTTL have no liability for each other's acts or omissions.

Service fees are collected by the Group from the member firms of DTTL to fund the shared costs of initiatives, at a rate or on a basis otherwise determined by the Board of Directors of DGSL (the "Board", the "DGSL Board" or the "Directors") each year. For further information regarding the organisation please see Note 1 of the Notes to the Financial Statements.

Results

The key financial performance indicator is service fee revenue, which the Group collects from the member firms of DTTL in return for services provided. The Group sets its operating budget each fiscal year, based on expected service fees. The shared service fees are charged on a percent of revenue basis to the member firms of DTTL to fund the operations and investments for the year. Technology and other direct service fees, as described in Note 3, are based on usage, headcount, revenues, or agreed participation. Operations are generally run on a break-even basis. Spending of the income it collects from the member firms of DTTL each year will vary based on operations and investment spend set forth by the Group, which will result in a surplus or deficit position for the fiscal year. The resulting surplus or deficit will be spent on future operations and investments or recouped to reduce the deficit in future years, respectively.

The key financial and other performance indicators during the year were as follows:

	2023	2022
	$m	$m
Revenue	3,255	2,672
Debt	297	188
Accounts receivable days outstanding	24 days	19 days

Results (continued)

Revenue for the fiscal year ended 31 May 2023 increased 22% over the prior fiscal year, primarily the result of an increase in shared service fees due to member firm growth in revenue and the expansion of services provided to the member firms of DTTL. Revenue of $3,255 million was 2% higher than planned revenue of $3,199 million for fiscal year 2023. Accounts receivable days outstanding increased by 5 days for the fiscal year ended 31 May 2023 compared to the fiscal year ended 31 May 2022, primarily due to the expansion of technology services offered to the member firms of DTTL that impacted the timing of billing and collections. Changes in accounts receivable days outstanding was consistent with management's expectations. Debt increased $109 million from the prior fiscal year. Debt for fiscal year 2022 represented a long-term note payable to a DTTL member firm to fund the acquisition of an audit platform. Debt for fiscal year 2023 increased due to an additional long-term note payable to a DTTL member firm for the acquisition of a tax platform as well as $100 million in current bank loans. The increase in debt for fiscal year 2023 was offset by a payment on the note payable. See Note 21 and Note 24 of the Notes to the Financial Statements.

Total revenue for the fiscal year ended 31 May 2023 was $3,255 million and total expenses were $3,221 million resulting in a $34 million net profit for the fiscal year ended 31 May 2023. This compares to total revenue of $2,672 million and total expenses of $2,709 million resulting in a net loss of $37 million for the prior fiscal year ended 31 May 2022. Results for fiscal years 2023 and 2022, as well as the negative equity balances of $38 million and $72 million respectively, were in line with management's expectations. If actual service fee revenue declines during the year, operations and investment spend could also be reduced to mitigate net loss in the current fiscal year, or a planned surplus in a subsequent fiscal year to mitigate the loss. Earnings, including fiscal year 2023 earnings, will therefore vary, sometimes materially from year to year. As management and the directors of the Group manage the annual spend based on expected service fee revenue, they believe this is the most relevant key performance indicator and an appropriate measure for monitoring the operations of the Group. The Directors do not recommend the payment of a dividend for the year.

Principal risks and uncertainties

The Directors review and agree on policies for managing risk as set out in Note 27 of the Notes to the Financial Statements. The Group provides services to the member firms of DTTL and their respective related entities (the "member firms") to further the international alignment, cooperation, and cohesion among the member firms. Since revenue is generated exclusively from the member firms of DTTL, risks to the member firms of DTTL may have an impact on the Group's ability to collect service fees. DTTL has an enterprise risk framework ("Framework") in place. The Framework is designed to identify, monitor and respond to priority business risks, which if materialised, could impact the ability of the member firms, the Group, and each of their respective related entities (together, the "Deloitte network" or "Deloitte") to achieve the Deloitte network's strategy and objectives, including the protection of its reputation and brand, its delivery of consistent, high-quality services, and its ability to meet public interest obligations. The Framework also includes processes to regularly monitor the environment for developments and changes that could impact the risk profile of Deloitte and identify and appropriately respond to new and/or emerging risks and trends that could impact the Deloitte's resilience to those risks.

The risks that the DTTL Board currently considers to have the most significant impact on the member firms of DTTL if the risk were to materialise are audit quality, conduct, data confidentiality and privacy, cyber security, regulatory, talent, innovation, advisory quality, geopolitical uncertainty, economic uncertainty, multi-disciplinary model, purpose and climate change. Each of these risk areas is regularly monitored by DTTL senior leadership and reported to the Board along with any developments and changes in the overall risk profile. DTTL does not provide professional services to clients; all such services are provided by the member firms of DTTL.

Section 172(1) statement

This statement describes how the members of the Board fulfil their obligations under section 172 of the Companies Act 2006.

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

(a) the likely consequences of any decision in the long term;

(b) the interests of the company's employees;

(c) the need to foster the company's business relationships with suppliers, customers and others;

(d) the impact of the company's operations on the community and the environment;

(e) the desirability of the company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly between members of the company.

In discharging their duty under section 172, the Directors have regard to the factors set out above, as well as to other factors which they consider relevant to the decision being made. The Directors acknowledge that stakeholders may have differing views about various decisions taken by the Board, and therefore engage with stakeholders on these matters as discussed in the Stakeholders section below.

Principal Activity and Key Decisions of the Company

As described on page 2, the principal activity of the Company is to provide services to its members. The Company does not conduct business other than the provision, directly or indirectly, of internal services and support to the members of the Deloitte network. The Company is not engaged in providing services to clients.

As a captive services provider to its members, Board decisions relate predominantly to the services that it provides and to internal governance matters. Decisions made by the Board during this fiscal year include:

- Approval of the Company's annual budget for services;
- Approval of annual service offerings by the Company to its members;
- Approval of amendments to its foreign exchange hedging program; and
- Approval of member voting entitlements.

As a specific example, in fiscal year 2023 the Company approved both the shared service offerings to be provided to its members and the budget for those services for the fiscal year (see Strategic Report and Note 4). The Board sought alignment with its members in advance and endeavoured to weigh costs of the proposed services to be provided against the benefits to its members in the long term.

These and other decisions made by the Board are appropriately informed by consideration of the section 172 factors through the mechanisms described below.

Considering the long-term consequences of decision-making

In setting strategy, and considering risk issues, the Board's decision-making is focused on, among other things, ensuring that the Company's service delivery to its members is sustainable in the long term. The Company provides services for the benefit of its members without the purpose of making a profit, which allows the Board to focus on decision-making for the longer term.

The desirability of the company maintaining a reputation for high standards of business conduct

The Board believes that it is essential for the Company to conduct business with a high level of integrity, quality and professionalism and takes all decisions with the aim of maintaining a reputation for high standards of business conduct and advancing the good reputation of Deloitte.

Section 172(1) statement (continued)

Stakeholders

This section describes the importance of the Company's key stakeholders and some of the engagement activity that takes place with them.

Stakeholder Group	Why is this stakeholder critical to the Company's business?	What engagement activity takes place with this stakeholder?
Members of the Company	The Company's principal activity is to provide services to its members. The Company's members are therefore its customers. Understanding the needs of the Company's customers in a dynamic and changing marketplace helps it to provide more relevant and effective services.	Engagement with the Company's members primarily occurs through representation on the Board of Directors and through interaction with representatives of the members, who attend an annual meeting of members. In addition, there is a socialisation process that occurs for many items prior to Board review, and often includes direct input from the members, which is communicated to the Board.
Professionals	The Company's professionals are its most valuable asset and key to its success. They are responsible for performing and managing the services that it provides to the Company's members.	We offer a range of communications and development opportunities for our professionals which are designed to encourage maximum engagement. Examples include regular town halls featuring senior leaders; regular engagement surveys; a strong focus on inclusion, flexibility and wellbeing; and additional measures to support and equip our senior leaders. Where the Board of Directors is not directly involved in these activities, mechanisms are in place to feedback relevant insights to inform Board decision-making. In addition to the efforts highlighted above, we have kept our professionals up to date on matters related to promotion, progression, and career development.

Section 172(1) statement (continued)

Stakeholders (continued)

Suppliers	The services the Company provides to its members depend in part on services and supplies it procures globally from different organisations. The Company also procures some of its services from its members.	The Company engages and selects suppliers using an objective standardised process and provides strategic Supplier Relationship Management for ongoing collaboration. During the supplier selection process and during the course of the relationship, the Company engages with suppliers to understand their business requirements and points of view. Further, all of the Company's suppliers are provided a Supplier Code of Conduct which outlines expectations of suppliers and provides a channel to engage the Company's Ethics Officer if needed. Similar to engagement with our professionals above, where the Board of Directors is not directly involved with our suppliers in these activities, mechanisms are in place to feedback relevant insights to inform Board decision-making.
Communities	The Company is committed to addressing some of society's most pressing challenges with the belief that business is at its best when it helps to build a better society. By supporting local communities, the Company is able to bring this belief to life.	The Company's professionals are engaged in a range of societal and charitable activities that seek to enhance the communities in which we live and work, including participation in World*Class*, which is Deloitte's global ambition to empower 100 million people by 2030 through education, skill building, and access to opportunity.

Environment

The Board believes businesses have a critical responsibility to help address the sustainability of our planet. Environmental sustainability is important to the Company and is a component in the Board's decision-making process. For example, the Company has near-term (2030) science-based emissions goals that have been validated by the Science Based Targets initiative. The Board is committed to a long-term sustainability journey in which the Company addresses the environmental impacts of its own operations and across its value chain.

The need to act fairly as between members

The Company's purpose is to provide services to its members on fair and similar terms. Addressing the interests of its members and acting fairly as between them is critical to the Company's success.

The Board is diverse and composed in a way so as to provide for representation of the differing viewpoints that its members may have. Each of the Company's Directors, other than the Chair and CEO, is a representative of a member, appointed by that member to enable them to bring their unique views to the Boardroom for inclusion and discussion. However, each Director acts in the way he or she considers, acting in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole.

Deloitte Global Services Limited

Strategic Report
For the Year Ended 31 May 2023 (continued)

Section 172(1) statement (continued)

The need to act fairly as between members (continued)
Through this governance mechanism, all Directors remain mindful of the need to act fairly as between all the Company's members.

Approved by the Board on 15 November 2023 and signed on its behalf by:

Anna Marks.
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Anna Marks
Director

Directors' Report
For the Year Ended 31 May 2023

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

Directors
The Directors, who held office during the year, and up to the date of signing of the financial statements, unless otherwise stated were as follows:

Francisco Celma (resigned 31 May 2023)

Dennis Chow (appointed 1 June 2022)

Michel Denayer (resigned 31 May 2023)

Janet Foutty (resigned 31 May 2023)

Frederic Moulin (resigned 31 May 2023)

Pulane Ndlovu (appointed 1 June 2022 and resigned 31 May 2023)

Punit Renjen (resigned 31 December 2022)

Duncan Sinclair

Sharon Thorne (resigned 31 May 2023)

Joseph Ucuzoglu (appointed 1 January 2023)

The following Directors were appointed after the year end:

Lara Abrash (appointed 4 June 2023)

Marcelino Alonso Dobao (appointed 1 June 2023)

Klaus Loeffler (appointed 1 June 2023)

Anna Marks (appointed 1 June 2023)

Elisebeth Mol (appointed 1 June 2023)

Environmental disclosure
Energy and Carbon Report
The Directors present this Energy and Carbon Report for the Group for the year ended 31 May 2023. In line with the relevant Streamlined Energy and Carbon Reporting ("SECR") regulations, the Group has presented the below disclosures in respect of the Group's UK operations only.

Environmental disclosure (continued)

Carbon emissions (tC02e)	**2023**	**2022**
Combustion of gas	-	-
Combustion of fuel for transport purposes	22	11
Electricity purchased for own use, including for the purposes of transport	-	-
Total Greenhouse Gas emissions (tC02e)	22	11
Total Greenhouse Gas emissions (tCO2e)/FTE[1]	0.04	0.02
Energy consumption - all sources (kWh)	90,409	46,397

For fiscal years 2023 and 2022, the SECR disclosure requirement was met as post pandemic travel activities increased.

Methodology
The Group has followed the 2019 HM Government Environmental Reporting Guidelines. Greenhouse Gas ("GHG") emissions have been calculated using an operational control consolidation approach as described in the GHG Protocol Corporate Accounting and Reporting Standard. For the purpose of calculating its energy and emissions footprint in the UK, the Group evaluated activities under its operational control. As a result of this analysis, it was determined that the Group does not employ any UK-based employees but relies on secondment agreements with a UK-based firm within the Deloitte network, which publishes its own financial statements and files SECR in the UK.

Because the Group does not have a permanent employee base in the UK, it does not have any real estate leases or operate real estate which are instead held or undertaken by the firm providing personnel services to the Group. The personnel providing services to the Group are able to use such premises; however, the Group does not direct or control and is not responsible for arranging the combustion of gas or purchase of electricity in or for any buildings in the UK. Such energy usage is included in the SECR submission made by the firm providing personnel services to the Group.

The Group has included travel activity of the personnel providing services to the Group in this SECR submission, as it has the authority to issue travel guidance and request such personnel to travel for the purpose of conducting business for the Group. Further information on the Group's reporting methodology is shown in the Deloitte Global Impact Report Performance metrics and reporting frameworks publication which is available on Deloitte's website.

[1]The SECR regulations require an intensity ratio to be disclosed. The Group has decided that the most relevant metric would be Emissions per Full Time Equivalent ("FTE"), with the FTE figure derived from the number of hours worked by personnel seconded from a UK-based firm within the Deloitte network to DGSL as of fiscal year 2023. The FTE figure will differ to the number of employees disclosed in Note 6 of the financial statements as none of the Group's employees are based in the UK and the SECR disclosures made in this report are limited to the Group's UK operations only.

Environmental disclosure (continued)

Energy Efficiency Actions Taken

In 2020, Deloitte launched WorldClimate, a strategy to reduce GHG emissions and drive responsible climate choices within the Deloitte organisation and beyond. As the Group's emissions are principally driven by business travel, the Group is focused on reducing travel emissions by 50% per FTE by 2030 (the baseline year being the year ended 31 May 2019).

While business travel has resumed since the COVID-19 lockdown, post pandemic travel policies are being revisited to work towards travel reduction goals. The Group has increased its video-conferencing capabilities to facilitate remote work which reduces the need to travel. The Group has also implemented an evolving hybrid operating model, that combines office and home-working, which it expects will further reduce travel and enable its UK operations to maintain improved energy and GHG efficiency in the future when compared to the baseline.

Financial instruments

The Directors are responsible for approving policies in relation to the Group's financial instruments, of which details can be found in Note 27 of the Notes to the Financial Statements.

Business relationships

Details of how the Directors have had regard to the need to foster the Group's business with suppliers, customers and other stakeholders can be found in the Section 172(1) statement in the Strategic report.

Future developments

Global economic and business activities continue to face widespread challenges in which management and the Board may need to assess the impact as applicable to our business. These uncertainties include but are not limited to macroeconomic uncertainties, health epidemics, labour shortages, bank failures, inflation and monetary supply shifts, recession risks and potential geopolitical disruptions. The Group continues to actively monitor the impact of these macroeconomic factors on its financial condition, liquidity, operations, and workforce. The Group believes that inflation and increasing interest rates will have a general impact on the business in line with overall price increases, increases in the cost of borrowing, and operating in an inflationary economy. The Group is unable to predict with any degree of certainty the effect that geopolitical events, the timing, strength, or duration of any inflationary period, rising interest rates, or economic slowdown may have on our operations.

The Directors anticipate continuing as a going concern and are continuing to monitor the potential developments noted above in order to mitigate the impact to the Group's financial performance. The Directors do not anticipate changes to the nature of the business that would materially impact the Group's operations. The annual service fees, the availability of a $650 million revolving credit facility, and the ability to implement certain cost containment initiatives will allow the Group to have sufficient working capital to meet its financial obligations for at least the next twelve months. The Group therefore continues to adopt the going concern basis of accounting in preparing the financial statements.

Directors' indemnities

The Group has agreed to indemnify each of the Directors against liabilities arising out of or in connection with the performance of their duties, to the extent permitted by law.

Dividend

The Directors did not recommend payment of a dividend for fiscal year 2023 (2022: $nil).

Political contributions

The Group made no political donations and did not incur any political expenditure during the year.

Post balance sheet events

Significant events since the balance sheet date are noted below and detailed in the Notes to the Financial Statements.

- The Group borrowed additional loans from the Revolving Facility subsequent to year end (see Note 24)
- The Group purchased an additional 77 forward contracts on 1 June 2023 (see Note 3)

Auditor

BDO LLP has expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual meeting.

Approved by the Board on 15 November 2023 and signed on its behalf by:

Anna Marks

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Anna Marks
Director

Deloitte Global Services Limited

Statement of Directors' Responsibilities

The Directors and management are responsible for preparing the Strategic report, Directors' report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors and management to prepare financial statements for each fiscal year. Under that law, the Directors and management have elected to prepare the Group financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law. Under company law, the Directors and management 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 Group and Company and of the profit or loss of the Group for that year.

In preparing these financial statements, the Directors and management are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors and management are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors and management are aware:

- there is no relevant audit information of which the Group's auditor is unaware, and
- the Directors and management have taken all steps necessary to make themselves aware of any relevant audit information and to establish that the auditor is aware of such information.

Independent Auditor's Report to the Members of Deloitte Global Services Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 May 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK GAAP FRS 101 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Deloitte Global Services Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 May 2023 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

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

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

Independent Auditor's Report to the Members of Deloitte Global Services Limited (continued)

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Deloitte Global Services Limited (continued)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Non-compliance with laws and regulations
Based on:

- Documenting and considering our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance, internal audit and those responsible for legal and compliance procedures;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be:

- Those that relate to the reporting framework (UK adopted international accounting standards
- Laws and regulations relating to employee matters such as equality, bribery, and corruption practices;
- Relevant tax compliance regulations in the jurisdictions in which the Group operates; and
- Compliance with the relevant regulations set out by the Financial Reporting Council.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be:

- The health and safety legislation; and
- Companies Act 2006

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Obtaining legal confirmations from the Groups' external legal counsel.

Independent Auditor's Report to the Members of Deloitte Global Services Limited (continued)

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. We also considered potential fraud drivers including financially linked performance targets or other pressures, opportunity, and personal or corporate motivations. Our risk assessment procedures included:

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

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

Our procedures in respect of the above included:

- Selection of journal entries in the year that fell within defined criteria, including manual journals, and testing these through to management explanations and supporting documentation.
- Assessing significant estimates made by management for bias by testing key area of estimation uncertainty or judgement, for example, the valuation of the defined benefit scheme, we consulted with external experts to gain an understanding of the estimates and judgements used and assessed the reasonableness of these in the context of our understanding of the entity and its environment.

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

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

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

Independent Auditor's Report to the Members of Deloitte Global Services Limited (continued)

Use of our report

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

DocuSigned by:

Tim Neathercoat

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Tim Neathercoat (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 16 November 2023

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

Deloitte Global Services Limited

Consolidated Statement of Comprehensive Income
For the Year Ended 31 May 2023

	Note	2023 $m	2022 $m
Revenue	4	3,255	2,672
Cost of sales		(2,633)	(2,174)
Gross profit		622	498
Administrative expenses		(566)	(530)
Operating profit/(loss)		56	(32)
Interest - net		(16)	(5)
Profit/(loss) before tax		40	(37)
Income tax expense	8	(6)	-
Net profit/(loss)	5	34	(37)
Items that will not be reclassified subsequently to profit or loss:			
Remeasure defined benefit obligation, net of income tax	8, 25	-	14
Total comprehensive income/(loss)		34	(23)

The above results were derived from continuing operations.

The Group has no income or losses other than the results for the year as set out above.

Deloitte Global Services Limited

Consolidated Balance Sheet
As at 31 May 2023

	Note	31 May 2023 $m	31 May 2022 $m
Assets			
Current assets			
Cash at banks	27	94	212
Loans receivable from member firms	13	2	5
Accounts receivable	15, 27	89	7
Prepaid expenses and other receivables	16	232	73
Due from parent		-	19
		417	316
Non-current assets			
Loans receivable from member firms	13, 27	11	7
Deferred costs		2	3
Property and equipment	9, 10	42	64
Intangible assets	11	680	561
		735	635
Total assets		1,152	951
Liabilities and equity			
Current liabilities			
Accounts payable	19, 27	124	102
Deferred revenue member firms	20	103	246
Note payable to member firm	21	31	25
Accrued and other liabilities	22, 27	462	316
Lease liabilities	23	7	7
Bank loans	24	100	-
Due to parent		33	-
		860	696
Non-current liabilities			
Deferred taxes	8	1	-
Note payable to member firm	21	166	163
Other liabilities	22, 27	149	142
Lease liabilities	23	14	22
		330	327
Equity		(38)	(72)
Total liabilities and equity		1,152	951

The notes on pages 27 to 60 form an integral part of these financial statements.

Deloitte Global Services Limited

Consolidated Balance Sheet
As at 31 May 2023 (continued)

The financial statements of Deloitte Global Services Limited (registration number: 07249753) were approved by the Board of Directors on 15 November 2023 and signed on its behalf by:

Anna Marks.

....
Anna Marks
Director

Deloitte Global Services Limited

Company Balance Sheet
As at 31 May 2023

	Note	31 May 2023 $m	31 May 2022 $m
Assets			
Current assets			
Cash at banks	27	84	209
Loans receivable from member firms	13	1	1
Loans receivable from subsidiary	14	2	3
Accounts receivable	15, 27	27	4
Prepaid expenses and other receivables	16	216	60
Due from parent		-	19
		330	296
Non-current assets			
Loans receivable from member firms	13, 27	3	-
Loans receivable from subsidiary	14	2	4
Deferred costs		2	3
Property and equipment	9	-	-
Intangible assets	11	680	561
Investment in subsidiary	12	62	62
		749	630
Total assets		1,079	926
Liabilities and equity			
Current liabilities			
Accounts payable	19, 27	106	97
Deferred revenue member firms	20	93	244
Note payable to member firm	21	31	25
Accrued and other liabilities	22, 27	388	262
Bank loans	24	100	-
Due to subsidiaries		81	93
Due to parent		33	-
		832	721
Non-current liabilities			
Deferred taxes	8	1	-
Note payable to member firm	21	166	163
Other liabilities	22, 27	98	93
		265	256
Equity		(18)	(51)
Total liabilities and equity		1,079	926

The notes on pages 27 to 60 form an integral part of these financial statements.

Company Balance Sheet
As at 31 May 2023 (continued)

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Company's profit after tax is $33 million for fiscal year 2023 (2022: loss after tax of $39 million).

The financial statements of Deloitte Global Services Limited (registration number: 07249753) were approved by the Board of Directors on 15 November 2023 and signed on its behalf by:

Anna Marks.

....

Anna Marks
Director

Deloitte Global Services Limited

Consolidated Statement of Changes in Equity
For the Year Ended 31 May 2023

	Members' contribution $m	Retained earnings $m	Total $m
At 1 June 2021	-	(49)	(49)
Loss for the year	-	(37)	(37)
Other comprehensive income	-	14	14
Total comprehensive loss	-	(23)	(23)
At 31 May 2022	-	(72)	(72)
At 1 June 2022	-	(72)	(72)
Profit for the year	-	34	34
Other comprehensive income	-	-	-
Total comprehensive income	-	34	34
At 31 May 2023	-	(38)	(38)

See Note 17 for further details on Members' contributions.

Deloitte Global Services Limited

Company Statement of Changes in Equity
For the Year Ended 31 May 2023

	Members' contribution $m	Retained earnings $m	Total $m
At 1 June 2021	-	(12)	(12)
Loss for the year	-	(39)	(39)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(39)	(39)
At 31 May 2022	-	(51)	(51)
At 1 June 2022	-	(51)	(51)
Profit for the year	-	33	33
Other comprehensive income	-	-	-
Total comprehensive income	-	33	33
At 31 May 2023	-	(18)	(18)

See Note 17 for further details on Members' contributions.

Deloitte Global Services Limited

Consolidated Statement of Cash Flows
For the Year Ended 31 May 2023

	2023 $m	2022 $m
Cash flows (used in)/from operating activities		
Profit/(loss) for the year	34	(37)
Adjustments for:		
Amortisation of intangible assets	86	70
Depreciation of property and equipment	23	27
Loss on disposal of property and equipment	2	-
Allowance for doubtful accounts	-	6
Finance income	(2)	-
Income tax expense	6	-
Finance costs	18	5
Unrealized loss on derivatives	(17)	18
Realized gain on derivatives	(23)	(3)
	127	86
Changes in assets and liabilities:		
Accounts receivable	(82)	7
Prepaid expenses and other receivables	(159)	18
Accounts payable	22	1
Accrued and other liabilities	163	63
Deferred revenue member firms	(143)	(210)
Other long-term liabilities	5	-
Due from parent	52	20
Income taxes paid	(6)	(1)
Net cash flow used in operating activities	(21)	(16)
Cash flows used in investing activities		
Interest received	2	-
Cash received from the settlements of derivatives	23	3
Loans to member firms	(4)	(1)
Loan repayments from member firms	3	4
Acquisitions of intangible assets	(167)	(155)
Acquisitions of property and equipment	(3)	(11)
Net cash flows used in investing activities	(146)	(160)

The notes on pages 27 to 60 form an integral part of these financial statements.

Deloitte Global Services Limited

Consolidated Statement of Cash Flows
For the Year Ended 31 May 2023 (continued)

	2023 $m	2022 $m
Cash flows from/(used in) financing activities		
Interest paid	(15)	(2)
Deferred financing	1	-
Repayment of note payable to member firm	(31)	(25)
Repayment of lease liabilities	(6)	(8)
Proceeds from bank loans	555	-
Repayments of bank loans	(455)	-
Net cash flows from/(used in) financing activities	49	(35)
Net decrease in cash and equivalents	(118)	(211)
Cash and equivalents at 1 June	212	423
Cash and equivalents at 31 May	94	212
Supplemental cash flow information		
Non-cash financing and investing activities		
Promissory note issued for the purchase of an intangible asset	38	-
Long-term liability for the acquisition of an intangible asset	-	78
Right of use asset additions	-	5

The notes on pages 27 to 60 form an integral part of these financial statements.

1 General information

The consolidated financial statements include the financial statements of Deloitte Global Services Limited ("DGSL" or the "Company") and its direct and indirect subsidiaries Deloitte Touche Tohmatsu Services LLC ("Services" or "DTTS"), DGSL CoRe Limited ("CoRe"), Global Conferencing Services S.à r.l. ("GCS"), Deloitte Contracting Advisors LLC ("DCA"), DGTS USA LLC ("DGTS US"), DGTS Germany GmbH ("DGTS Germany"), DGT Services (Singapore) Pte. Ltd ("DGTS Singapore"), DGSL Privacy Services Limited ("DGSL Privacy"), DTTS Overseas Services LLC ("DTTS OS"), DTTS Overseas Projects LLC ("DTTS OP"), DTT Forensic Resources ("DTT FR") and Deloitte Technology Limited ("DTL"), together referred to as the "Group". CoRe and DTL, subsidiaries of DGSL, are private companies limited by guarantee incorporated in England and Wales. Services and DCA (subsidiaries of DGSL), DGTS US (subsidiary of DTL) and DTTS OS and DTTS OP (subsidiaries of Services) are all Delaware limited liability companies. GCS, a subsidiary of Services, is a limited liability company incorporated in Luxembourg. DGTS Germany and DGTS Singapore are subsidiaries of DTL and incorporated in Germany and Singapore, respectively. DGSL Privacy is a subsidiary of DGSL and incorporated in Ireland. DTT FR (whose members are DGSL and DTTS) is a verein organized in Switzerland.

The principal activity of DGSL and its subsidiaries is to provide services directly, or indirectly through its parent DGSHL, to the member firms of Deloitte Touche Tohmatsu Limited ("DTTL") to further the international alignment, cooperation, and cohesion among the member firms.

The legal restructuring in 2010 involved the creation of Deloitte Touche Tohmatsu Limited ("DTTL") for certain governance and management functions, and DGSL, which provides services to the member firms of DTTL (for certain member firms, these services are provided through the holding entity Deloitte Global Services Holdings Limited ("DGSHL"). DTTL is a private company limited by guarantee and is incorporated in England and Wales. It is the public facing entity and it has no revenues, expenses, or headcount.

Deloitte GFS Holdings Limited ("GFS Hold Co") and Deloitte GFS Limited ("GFS") were incorporated in England and Wales as private companies limited by guarantee. GFS Hold Co and GFS commenced operations on 1 June 2017 and are associates of DGSL and DTTS.

DTL was not operational as of 31 May 2022 and had no prior year balances to report. DTL commenced operations on 1 June 2022.

On 25 October 2022, DGSL transferred its direct subsidiaries DGTS US, DGTS Germany and DGTS Singapore to DTL.

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

The Company's principal place of business is:
1221 Avenue of the Americas
New York
NY 10020

See Note 12 to the financial statements for the registered address of each subsidiary.

2 Adoption of new and revised standards

Impact on initial application of other amendments to International Financial Reporting Standards
In the current year, the Group has adopted a number of amendments to International Accounting Standards ("IAS"), Interpretations issued by the International Accounting Standards Board ("IASB"), International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") that are effective for an annual period that begins on or after 1 January 2022.

- Amendments to IAS 16 Property Plant and Equipment;
- Amendments to IFRS 3 Reference to the Conceptual Framework;
- Amendments to IAS 37 Onerous Contracts; and
- Annual Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Others
Several other amendments and interpretations apply for the first time in the current period, but do not have an impact on the financial statements of the Group.

New and revised IFRS Accounting Standards in issue but not yet effective
The following new standards and amendments of standards were issued but are not effective for the current period:

- IFRS 17 Insurance Contracts; and Amendments to IFRS 17 Insurance Contracts;
- Amendments to IFRS 4 Extension of the Temporary Exemption from applying IFRS 9;
- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies;
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 8 Definition of Accounting Estimates;
- Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 - Comparative Information;
- Amendments to IAS 12 International Tax Reform - Pillar Two Model Rules;
- Amendment to IFRS 16 Lease Liability in a Sale and Leaseback;
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements;
- Amendments to IAS 1 Non-current Liabilities with Covenants;
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information;
- IFRS S2 Climate-related Disclosures;
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current;
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current - Deferral of Effective Date; and
- Amendments to IAS 21 Lack of exchangeability.

2 Adoption of new and revised standards (continued)

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods. The Directors continue to assess the impact of reporting and regulatory changes.

3 Accounting policies

Statement of compliance

The Group financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 ("FRS 101") Reduced Disclosure Framework as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis, except as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except leasing transactions that are within the scope of IFRS 16; and measurements that have some similarities to fair value but are not fair value, or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Amounts are rounded to the nearest millions, unless otherwise stated.

Basis of presentation

The financial statements are prepared and presented in US dollars.

The Company financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* and Financial Reporting Standard 101 *Reduced Disclosure Framework and applicable law.* The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to the years presented, unless otherwise stated. The Company's functional currency is the US dollar and the financial statements are prepared and presented in US dollars.

3 Accounting policies (continued)

Disclosure exemptions adopted

In preparing these financial statements, the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- company only statement of cash flows;
- certain comparative information as otherwise required by international accounting standards in conformity with the requirements of the Companies Act 2006;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other members of the DGSHL Group (DGSHL together with its subsidiaries DGSL, DTTS, CoRe, DCA, GCS, DGTS Germany, DGTS US, DGTS Singapore, DGSL Privacy, DTTS OS, DTTS OP, DTTL Resources Limited, DTT FR and DTL).

In addition, due to the fact that equivalent disclosures are included in the consolidated financial statements of DGSHL and in accordance with FRS 101 these financial statements do not include certain disclosures in respect of impairment of assets.

The financial statements of DGSHL are publically available and can be obtained from UK Companies House.

Investments in associates

GFS Hold Co and GFS are associates of DGSL and DTTS over which the Group has significant influence. The Group does not have control of GFS Hold Co and GFS and therefore does not consolidate these entities in the financial statements. See Note 12 of the Notes to the Financial Statements for the list of consolidated entities.

Transactions with member firms

The principal activity of the Group is to provide services to the member firms to further the international alignment, cooperation, and cohesion among the member firms. Revenue is generated exclusively from these member firms. Each of the member firms is a separate and independent legal entity, and the Company and the member firms have no liability (except per Note 26) for each other's acts or omissions. The management and corresponding control of the Group is independent from that of the member firms. As a result, no individual member firm exercises control over the Group.

3 Accounting policies (continued)

Going concern
At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next twelve months. The strategic report discusses the Group's results and key performance indicators used as the basis for this conclusion. Revenue is generated from the member firms, based on a shared service agreement, with annual service fees approved by the Board each fiscal year. Management intends to fund operating costs and investments over the next twelve months with cash on hand and service fees due from the member firms. The Company also has the use of a $650 million revolving line of credit with a syndicate of banks that expires in May 2026 and can be utilised as necessary to fund operations or investments. There were $100 million of outstanding borrowings from the revolving credit facility as of 31 May 2021 and the Group had Cash at banks of $94 million. See Note 24 of the Notes to the Financial Statements. The Group has notes payable to a DTTL member firm as of 31 May 2023 of $197 million, however only $31 million is due in the next 12 months. See Note 21 of the Notes to the Financial Statements. As a result of the annual service fees, the availability of the revolving line of credit, and available cost containment initiatives, the Group will have sufficient working capital to meet its financial obligations for at least the next twelve months, and the Group continues to adopt the going concern basis of accounting in preparing the financial statements.

Adoption of new accounting standards
For the year ended 31 May 2022 the Group adopted the Phase 2 Interest Rate Benchmark Reform Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 and the COVID-19 Related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16. For the year ended 31 May 2023, the Group has adopted Amendments to IAS 16 Property Plant and Equipment, Amendments to IFRS 3 Reference to the Conceptual Framework, Amendments to IAS 37 Onerous Contracts, Annual Improvements to IFRS 1, IFRS9, IFRS 16 and IAS 41. The adoption of these did not have a material impact on the Group's financial statements.

Use of estimates
The preparation of financial statements requires the Board and management to make estimates and assumptions that affect the reported amounts and disclosures. These estimates and assumptions relate to accruals and pension assumptions (see Note 25). The Board has assessed key areas of judgement and estimates in the financial statements. In their view, there are no financial statement areas where there is a significant risk of a material adjustment arising within the next 12 months. Provisions and accruals represent the best estimates of the expenditure required to settle the corresponding present obligation at the balance sheet date. Actual results could differ from the estimates used. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in the Notes to the Financial Statements.

Foreign currency transactions
The primary currency in which the Group generates its net cash flows is the US dollar. Transactions denominated in currencies other than the US dollar are translated into US dollars at the exchange rate in operation when the transaction occurred. At the balance sheet date, monetary assets and liabilities denominated in currencies other than the US dollar are translated at the closing rate. All exchange gains or losses are recognised in administrative expenses in the Consolidated Statement of Comprehensive Income and within profit/loss for the year in the Consolidated Statement of Changes in Equity as they arise. As of 1 June 2022, the Group started to invoice to and accept payments from the member firms, and the member firms started to invoice and accept payments from the Group, in currencies other than the US dollar.

3 Accounting policies (continued)

Revenue

Revenue

Shared service fees

The Group provides a range of shared services for which it bills the member firms and records revenue. These services further the international alignment, cooperation, and cohesion among the member firms and they support the initiatives approved by the DTTL Board of Directors and Representatives of the member firms. While there are a variety of potential shared services that the Group stands ready to perform throughout the year, the services are substantially the same and have the same pattern of transfer to the member firms. The Group has a single performance obligation which is performed over time throughout the year. The rate at which the Group charges fees to the member firms is determined by the Board at the beginning of the fiscal year, and the member firms simultaneously receive and use the benefit of the service as the service is provided throughout the year. The transaction price is fixed, allocated to the single performance obligation, and recognised over the fiscal year. The fiscal year is also the term of the contract period.

Technology service fees

The Group provides a range of technology-related services for which it bills the member firms and records revenue. These services mainly include strategy and planning, software procurement and licensing, information security, cyber protection, the global wide area network, application hosting, data centers, the costs of operating certain global systems, application development, and support. The costs of these services, which vary depending on usage, headcount, and the number of licenses, are included in expenses as technology costs. While there are a variety of potential common services that the Group stands ready to perform throughout the year, the services are substantially the same and have the same pattern of transfer to the member firms. The Group has a single performance obligation which is performed over time throughout the year. The rate at which the Group charges fees to the member firms is determined by the Board at the beginning of the fiscal year, and the member firms simultaneously receive and use the benefit of the service as the service is provided throughout the year. The transaction price is fixed, allocated to the single performance obligation, and recognised over the fiscal year. The fiscal year is also the term of the contract period.

Other direct service fees

Certain other direct costs incurred by the Group are billed to the member firms. Such direct costs mainly include global talent programs and systems to manage eLearning, eRecruiting and partner development, independence system, consulting alliances, third-party subscriptions, research and content, and optional technology services requested. These costs are billed to the member firms based on usage, headcount, revenues, or agreed participation. While there are a variety of other services performed throughout the year, the services are substantially the same, and have the same pattern of transfer to the member firms. The Group has a single performance obligation which is performed over time throughout the year. The charges to the member firms are calculated based on the overall costs incurred to procure the subscriptions, systems, and licenses. The transaction price for services is fixed, allocated to the performance obligation, and recognised over the fiscal year. The fiscal year is also the term of the contract period.

Deferred revenue

Amounts received in advance of the performance of shared services, technology services, or other services are initially recognised as contract liabilities presented within deferred revenue and recorded as earned revenue as the Group performs the services under the contract. Where the Group's performance of its obligations under a contract are less than amounts received, deferred revenue is recognised as a contract liability. See Note 20 of the Notes to the Financial Statements.

3 Accounting policies (continued)

Cost of sales
Cost of sales consists primarily of professional services, technology costs, compensation and staff costs, member firm subsidies, and other related costs that are directly attributable to the services provided.

Member firm subsidies
The Group provides subsidies to the member firms to fund operational changes or increase investments in a geography. Subsidies to the member firms are recognised as an expense within cost of sales and payable following execution and when conditions of the subsidies (if any) are satisfied. See Note 5 of the Notes to the Financial Statements.

Retirement benefit costs
Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

Past service cost is recognised as a service cost and included in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in other comprehensive income in the period in which they occur. Remeasurement is not reclassified to profit or loss.

Leases
The Group recognises a right-of-use asset and a corresponding lease liability with respect to lease agreements for data center property where the Group is the lessee. The lease liability is initially measured at the present value of the unpaid lease payments at the commencement date, discounted using the incremental borrowing rate of the Group or the stated rate in the lease if readily determinable. The right-of-use asset is initially measured at cost, which is the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. Right-of-use assets are subsequently amortised on a straight-line basis over the lease term. The lease liability is subsequently reduced by the lease payments made and increased to reflect interest on the lease liability. Amortisation of the right-of-use asset and interest on the lease liability are expensed through the Consolidated Statement of Comprehensive Income over the lease term. The lease liability is reported separately on the balance sheet and the right-of-use asset is included within property and equipment.

Income taxes
The Group's income tax expense and deferred tax assets and liabilities reflect management's best assessment of estimated current and future taxes to be paid. The Group is subject to income taxes in the US, UK and certain other foreign jurisdictions. The Group reviews its tax positions as new information becomes available and adjusts the balance if needed.

3 Accounting policies (continued)

Income taxes (continued)
Deferred income taxes arise from temporary differences between the tax and financial statement recognition of revenue and expense. In evaluating the Group's ability to recover deferred tax assets, the Group considers all available positive and negative evidence including its past operating results, the existence of cumulative net operating losses in the most recent years and its forecast of future taxable income. In estimating future taxable income, the Group develops assumptions including the amount of future federal, state and foreign pre-tax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require judgement about the forecasts of future taxable income and are consistent with the plans and estimates the Group uses to manage the underlying businesses. Deferred tax assets primarily consist of timing differences relating to the compensation and benefit related accruals. Deferred tax liabilities have been established primarily due to excess book over tax basis in assets. In addition, as a result of the hedging program established in fiscal year 2022, the Group may have deferred taxes related to unrealized derivative gains or losses. Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future.

In addition, the calculation of the tax liabilities may include estimates for uncertainties in the application of complex tax regulations across multiple global jurisdictions where the Group conducts its operations. If needed, the Group will recognise liabilities for tax and related interest for issues in the US, UK and/or other tax jurisdictions based on an estimate of whether, and the extent to which, additional taxes and related interest will be due. If the current estimate of tax and interest liabilities is less than the ultimate settlement, an additional charge to income tax expense may result. If the current estimate of tax and interest liabilities is more than the ultimate settlement, a reduction to income tax expense may be recognised.

Cash at banks
Cash at banks are comprised of current cash balances with banks.

Accounts receivable, loans and other receivables
Accounts receivable, other receivables, and loans are carried at amortised cost, less an allowance for doubtful accounts.

Due from/to subsidiaries
Due from/to subsidiaries represents amounts owed to the Company from its subsidiaries or owed to its subsidiaries from the Company.

Due from/to parent
Due from/to parent represents amounts owed to the Company from DGSHL or owed to DGSHL from the Company.

3 Accounting policies (continued)

Allowance for doubtful accounts
The Group has an allowance for doubtful accounts against its accounts receivable and loans receivable from member firms to estimate losses on receivables. The Group has applied the IFRS 9 "Financial Instruments" simplified approach to measuring expected credit losses ("ECL") using a lifetime expected loss provision for accounts receivable. The ECL is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the report date, including the time value of money where appropriate. The Group has applied the IFRS 9 general approach for assessing impairment of loans receivable from member firms. Under this approach, at initial recognition and subsequently, unless there is a significant increase in credit risk, an amount equal to the 12 month expected credit losses is recognised in the allowance for doubtful accounts. If there has been a significant increase in credit risk, the allowance is measured at the lifetime expected credit losses. Management considers the current and historical financial performance of the member firm, the performance of the loan, member firm liquidity, as well as other factors related to each loan when determining the ECL of a loan to a member firm.

Property and equipment
The Group's property and equipment are stated at cost less accumulated depreciation and impairment losses. Property and equipment consists mainly of purchased servers and storage hardware. Depreciation is recorded on a straight-line basis over the estimated useful life of the asset, generally ranging from 3 to 5 years. Property and equipment is reviewed annually to assess if the carrying value of the asset is recoverable. Any change in recoverability of the asset, evidence of impairment, or new information that may provide support for a change in the assets useful life has been considered and reported in the financial statements.

Intangible assets
The Group's intangible assets are comprised of internally developed software and rights and brands with finite useful lives, which are capitalised and therefore subject to amortisation from the date they are brought into use. Expenditures on research and non-capitalisable activities are expensed in the period in which they are incurred. An internally-generated intangible asset arising from the development phase of an internal project is recognised if, and only if, it meets the requirements for recognition under International Accounting Standards 38 "Intangible Assets". Amortisation is recorded on a straight-line basis over the estimated useful life of the asset, generally ranging from 3 to 11 years, to align with the pattern of benefit from the asset. Any change in recoverability of the asset, evidence of impairment which is assessed at least annually, or new information (including impacts from the Russia-Ukraine conflict) that may provide support for a change in the assets useful life has been considered and reported in the financial statements.

Accounts payable, accrued and other liabilities
Accounts payable, accrued and other current liabilities are carried at amortised cost, which approximates fair value. Other long-term liabilities are carried at fair value, except for the rights and brands liability which is discounted to its present value

Bank loans
Bank loans are carried at amortised cost. See Note 24 for additional information regarding the bank loans.

Notes payable
The notes payable are carried at amortised cost or initially measured at the present value of the unpaid note payments at the acquisition date, discounted using the incremental borrowing rate of the Group (see Note 21).

3 Accounting policies (continued)

Derivative financial instruments

The Group entered into contracts for derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and basket options. In fiscal year 2022, the Group purchased one average rate foreign currency basket option to hedge a portion of fiscal year 2022's net budgeted revenues and expenses. The basket option settled in May 2022 and was not renewed. The Group then purchased 120 foreign currency forward contracts in May 2022 to manage the cash flow exposure for 10 different currencies for the following 12 months. In fiscal year 2023, these forward contracts matured at the beginning of each month from June 2022 through May 2023. The Group then purchased 173 (Company: 96) foreign currency forward contracts in May 2023 to manage the cash flow exposure for 11 (Company: 9) different currencies for the next 12 months. These forward contracts mature at the beginning of each month from June 2023 to May 2024. On 1 June 2023, the Group purchased an additional 77 (Company: 0) forward contracts.

The Group's derivative financial instruments do not qualify for hedge accounting. Therefore, the derivatives are recognised initially at fair value at the date the derivative contract is entered into and subsequently remeasured to their fair value using Level 1 inputs at each reporting date. The resulting gain or loss is recognised immediately in profit or loss. For fiscal year 2022, settled derivatives resulted in realized gains of $3 million while the remaining derivatives resulted in unrealized losses of $18 million. For fiscal year 2023, the prior year unrealized loss of $18 million was reversed and settled derivatives resulted in realized gains of $23 million.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities. As of 31 May 2023 and 31 May 2022, the remaining derivatives all had a maturity date of less than 12 months and therefore the resulting derivative liability of $1 million and $18 million, respectively, was recorded within current accrued and other liabilities (see Note 22).

4 Revenue

The analysis of the Group's revenue for the year from continuing operations is as follows:

	2023 $m	2022 $m
Shared service fees	1,521	1,384
Technology service fees	587	429
Other direct service fees	1,147	859
	3,255	2,672

The Company provided services to GFS in the amount of $33 million and $12 million during fiscal years 2023 and 2022, respectively, included within other direct service fees.

5 Net profit/(loss) for the year

Net profit/(loss) for the year is arrived at after charging

	2023 $m	2022 $m
Professional services	1,207	1,028
Technology costs	879	671
Compensation and staff costs	486	396
Member firm subsidies	359	374
Amortisation and depreciation expense	109	97
Facility and related	94	52
Travel and meetings	64	21
Marketing and production costs	26	34
Office and other costs	16	16
Interest - net	16	5
Income taxes	6	-
FX (gain)/loss	(41)	15
	3,221	2,709

The Company supported GFS by providing a sum of $8 million and $4 million during fiscal years 2023 and 2022, respectively, included within Member firm subsidies. In fiscal years 2023 and 2022, DGSL also received services from GFS in the amount of $7 million and $1 million, respectively.

6 Staff costs

The aggregate payroll costs were as follows:

	2023 $m	2022 $m
Wages and salaries	407	325
Employee benefits expense	29	27
Social security costs	17	16
401(k) plan costs	8	4
Profit sharing plan costs	5	4
Other post-employment benefit costs	20	20
	486	396

6 Staff costs (continued)

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

	2023 No.	2022 No.
Services	2,050	1,817

All of Services' staff costs are borne by DGSL. The Company did not have any employees in fiscal years 2023 and 2022.

7 Auditors' remuneration

Net profit includes the auditor's remuneration of $246 thousand (including $14 thousand of disbursements; Company $169 thousand) in fiscal year 2023 and of $189 thousand (including $6 thousand of disbursements; Company $137 thousand) in fiscal year 2022.

8 Income tax

Tax charged/(credited) in the Consolidated Statement of Comprehensive Income

	Group		Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Current taxation				
Current tax on profits for the year	5	-	-	-
Deferred taxation				
Deferred tax expense	1	-	1	-
Tax expense in the statement of comprehensive income	6	-	1	-

The Company qualifies for the Mutual Trade exemption for purposes of taxation in the UK, and therefore the income and profit earned from its Mutual Trade activities is not subject to UK corporate income tax. The Company is not subject to US Income Tax at the federal level, but may pay certain entity level taxes to states or localities.

UK taxes are also payable by DTL and CoRe on non-Mutual Trade income, Luxembourg income taxes are payable by GCS, German income taxes are payable by DGTS Germany, and Singaporean income taxes are payable by DGTS Singapore. During fiscal year 2023, DTL began operations and certain non-US member firms withheld income tax on payments of its service fees, which is reflected in the Group's current tax on profit for the year.

8 Income tax (continued)

Deferred tax

Group and company
Deferred tax assets, liabilities and movement for the Group during the current year were comprised of:

	Hardware and software costs	Total
	$m	$m
At 1 June 2022	-	-
Recognised in the statement of profit or loss	(1)	(1)
Recognised in other comprehensive income	-	-
At 31 May 2023	(1)	(1)

There were no deferred tax assets, liabilities or movement for the Group and Company during the prior year ended 31 May 2022.

Deferred income tax liability for the Group and Company of $1 million (2022: $0 million) relates to temporary differences between the book and tax basis for hardware and software costs.

9 Property and equipment

Group

	Servers and storage hardware $m
Cost or valuation	
At 1 June 2021	73
Additions	11
At 31 May 2022	84
At 1 June 2022	84
Additions	3
Disposals	(2)
At 31 May 2023	85
Depreciation	
At 1 June 2021	29
Charge for year	18
At 31 May 2022	47
At 1 June 2022	47
Charge for the year	15
Depreciation eliminated on disposals	(2)
At 31 May 2023	60
Carrying amount	
At 31 May 2023	25
At 31 May 2022	37

9 Property and equipment (continued)

Company

	Servers and storage hardware $m
Cost or valuation	
At 1 June 2021	5
Additions	-
At 31 May 2022	5
At 1 June 2022	5
Additions	-
At 31 May 2023	5
Depreciation	
At 1 June 2021	4
Charge for year	1
At 31 May 2022	5
At 1 June 2022	5
Charge for the year	-
At 31 May 2023	5
Carrying amount	
At 31 May 2023	-
At 31 May 2022	-

10 Right-of-use assets

Group

	Data center property $m
Cost or valuation	
At 1 June 2021	39
Additions	5
At 31 May 2022	44
At 1 June 2022	44
Additions	-
Disposals	(3)
At 31 May 2023	41
Depreciation	
At 1 June 2021	8
Charge for year	9
At 31 May 2022	17
At 1 June 2022	17
Charge for the year	8
Depreciation eliminated on disposal	(1)
At 31 May 2023	24
Carrying amount	
At 31 May 2023	17
At 31 May 2022	27

	2023 $m	2022 $m
Depreciation on right-of-use assets	8	9
Interest expense on lease liabilities	-	1
	8	10

11 Intangible assets

Group and Company

	Purchased software $m	Internal software development $m	Rights and brands $m	Total $m
Cost or valuation				
At 1 June 2021	31	667	-	698
Additions	1	134	98	233
Disposals	-	(206)	-	(206)
At 31 May 2022	32	595	98	725
At 1 June 2022	32	595	98	725
Additions	-	205	-	205
At 31 May 2023	32	800	98	930
Amortisation				
At 1 June 2021	18	282	-	300
Amortisation charge	8	60	2	70
Amortisation eliminated on disposals	-	(206)	-	(206)
At 31 May 2022	26	136	2	164
At 1 June 2022	26	136	2	164
Amortisation charge	4	73	9	86
At 31 May 2023	30	209	11	250
Carrying amount				
At 31 May 2023	2	591	87	680
At 31 May 2022	6	459	96	561

Intangible assets consist of software development costs related to the purchase and development of software to be used by the member firms and the Group. Included within internal software development is an audit platform that was acquired in fiscal year 2021 and has a carrying amount of $281 million and $259 million at 31 May 2023 and 31 May 2022, respectively. The Company funded the acquisition in fiscal year 2021 with a long-term note payable to a member firm (see Note 21). In addition, the previous audit platform that was no longer in use and replaced by the acquisition above and fully depreciated in previous years, was written-off and removed from intangible assets in fiscal year 2022.

11 Intangible assets (continued)

Also included within internal software development is a tax platform that was acquired in fiscal year 2023 as an asset under construction. This asset is subject to continuing internal development and has a carrying amount of $56 million at 31 May 2023. DGSL partially funded the acquisition in fiscal year 2023 with a long-term note payable to a member firm (see Note 21).

Included within internal software development costs are assets under construction of $129 million and $84 million for the fiscal years ended 31 May 2023 and 2022, respectively, which will be amortised from the date the asset is available for its intended use. The amount expensed in fiscal year 2023 and fiscal year 2022 for development costs that were not capitalisable was $96 million and $47 million respectively.

Also included within intangible assets are marketing rights that were acquired in fiscal year 2022 through a long-term agreement with a third party as shown above as rights & brands. The marketing rights will be amortized over 11 years, which is aligned with the length of the agreement. A long-term liability of $80 million and $78 million for the cost of the marketing rights is included within non-current other liabilities at 31 May 2023 and 31 May 2022, respectively (see Note 22).

12 Investments

Summary of the Company investments

	Total Investment $m
Subsidiaries	
Cost	
At 31 May 2023 and 31 May 2022	62

Details of the Group subsidiaries as at 31 May 2023 are as follows:

Name	Country of incorporation	Registered office	Direct/Indirect	Percentage owned
DGSL CoRe Limited	United Kingdom	1 New Street Square, London EC4A 3HQ	Direct	100%
Deloitte Technology Limited	United Kingdom	1 New Street Square, London EC4A 3HQ	Direct	100%
Deloitte Touche Tohmatsu Services LLC	United States	251 Little Falls Drive, Wilmington, DE 19808	Direct	100%
Deloitte Contracting Advisors LLC	United States	251 Little Falls Drive, Wilmington, DE 19808	Direct	100%
DGTS USA LLC	United States	251 Little Falls Drive, Wilmington, DE 19808	Indirect (group interest)	100%
DTTS Overseas Services LLC	United States	251 Little Falls Drive, Wilmington, DE 19808	Indirect (group interest)	100%
DTTS Overseas Project LLC	United States	251 Little Falls Drive, Wilmington, DE 19808	Indirect (group interest)	100%

12 Investments (continued)

DTT Forensic Resources	Switzerland	c/o Dr. David Jenny, Vischer AG, Scutzengasse 1, 8001 Zurich	Direct	100%
Global Conferencing Services S.à r.l.	Luxembourg	20, boulevard de Kockelscheuer, L-1821 Luxembourg	Indirect (group interest)	100%
DGT Services (Singapore) Pte. Ltd	Singapore	6 Shenton Way #33-00 OUE Downtown Singapore 068809	Indirect (group interest)	100%
DGTS Germany GmbH	Germany	Schwannstraße 6, 40476 Düsseldorf	Indirect (group interest)	100%
DGSL Privacy Services Limited	Ireland	29 Earlsfort Terrace, Dublin 2, Ireland	Direct	100%

13 Loans receivable from member firms

	Group		Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Loans receivable from member firms at the beginning of the year	24	35	7	15
New loans issued	4	1	4	1
Loan write-offs	(5)	(8)	(5)	(8)
Loan repayments	(3)	(4)	(1)	(1)
Loans receivable from member firms at the end of the year	20	24	5	7
Allowance for uncollectible loans	(7)	(12)	(1)	(6)
Net loans receivable from member firms	13	12	4	1
Current	2	5	1	1
Non-current	11	7	3	-
Net loans receivable from member firms	13	12	4	1

The Group has applied the IFRS 9 general approach for assessing impairment of loans receivable from member firms. Management considers the current and historical financial performance of the member firm, the performance of the loan, member firm liquidity, as well as other factors related to each loan when determining the ECL of a loan to a member firm. The assessment of such factors did not have a material impact.

The Group's policy is to charge interest at its borrowing rate plus an administrative charge on loans receivable from member firms. Loans receivable from member firms are shown net of an allowance for uncollectible amounts.

13 Loans receivable from member firms (continued)

Changes in the allowance for uncollectible loans were as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
At the beginning of the year	(12)	(20)	(6)	(14)
Amounts written off during the year	5	8	5	8
	(7)	(12)	(1)	(6)

14 Loans receivable from subsidiary

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Loans receivable from subsidiary at the beginning of the year	-	-	7	8
New loans issued	-	-	-	2
Loan repayments	-	-	(3)	(3)
Loans receivable from subsidiary at the end of the year	-	-	4	7
Current	-	-	2	3
Non-current	-	-	2	4
Total loans receivable from subsidiary	-	-	4	7

15 Accounts receivable

	Group		Company	
	2023	2022	2023	2022
	$m	$m	$m	$m
Receivables from member firms	66	8	4	5
Receivables from associate	24	-	24	-
Less allowance for doubtful accounts	(1)	(1)	(1)	(1)
	89	7	27	4

The Group's Accounts Receivable are primarily comprised of service fees and other costs charged to the member firms and to GFS. The Group has applied the IFRS 9 simplified approach to measuring ECL using a lifetime expected loss provision for trade receivables. To measure expected losses, the collectability of each trade receivable is assessed individually. The ECL is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions (including the Russia-Ukraine conflict), and an assessment of both the current as well as the forecast direction of conditions at the report date, including the time value of money where appropriate. The assessment of such factors did not have a material impact.

Changes in the allowance for doubtful accounts were as follows:

	Group		Company	
	2023	2022	2023	2022
	$m	$m	$m	$m
At the beginning of the year	(1)	(1)	(1)	(1)
Bad debt expense	-	-	-	-
At the end of the year	(1)	(1)	(1)	(1)

16 Prepaid expenses and other receivables

These amounts are comprised of the following:

	Group		Company	
	2023	2022	2023	2022
	$m	$m	$m	$m
Prepaid expenses	232	69	216	58
Other receivables	-	4	-	2
	232	73	216	60

Prepaid expenses are comprised primarily of prepayments for technology costs.

17 Members' contribution

DGSL is registered in England and Wales as a private company limited by guarantee with no share capital. The members of the Company are the member firms of DTTL or their affiliates. Each member is required to make a membership contribution of $1,000. Every member of the Company undertakes to contribute a maximum of £1 to the assets of the Company in the event of it being wound up while they are a member or within one year after they cease to be a member for payment of the Company's debts and liabilities contracted before they cease to be a member, for the costs, charges, and expenses of winding up, and for the adjustment of the rights of the contributories among themselves. Members' contribution for the fiscal years ended 31 May 2023 and 2022 were unchanged at $53 thousand.

18 Reserves - retained earnings

Retained earnings represents cumulative comprehensive income and losses.

19 Accounts payable

	Group		Company	
	2023	2022	2023	2022
	$m	$m	$m	$m
Accounts payable to member firms	10	4	7	-
Accounts payable to associate	2	3	2	3
Accounts payable to third parties	112	95	97	94
	124	102	106	97

The Group's and Company's current accounts payable consists of trade payable balances due to member firms, GFS, and third parties for costs and expenses incurred for work performed for the Group or the Company. These amounts will be paid from existing cash, future cash collected from the member firms, or the bank facility.

20 Deferred revenue from member firms

The amount consists of current deferred revenue balances from member firms of $103 million (Company: $93 million) and $246 million (Company: $244 million) in fiscal years 2023 and 2022, respectively. The Group recognised $246 million of revenue in fiscal year 2023 from fiscal year 2022 deferred revenues.

21 Note payable to member firm

	Group 2023 $m	2022 $m	Company 2023 $m	2022 $m
Amounts owed within one year				
Note payable to member firm	31	25	31	25
Amounts owed over one year				
Note payable to member firm	166	163	166	163

The Group funded the acquisition of an audit platform (see Note 11) with a long-term note payable to a member firm. The amount owed to the member firm is unsecured and is repayable in 9 annual instalments of $25 million, with the final repayment due on 15 June 2029. The amounts owed are not interest bearing and therefore the Group has imputed interest at the rate of 1.79% and discounted the value of the asset acquired. Imputed interest was $3 million and $4 million for fiscal years 2023 and 2022, respectively.

The Group also partially funded the acquisition of a tax platform (see Note 11) in fiscal year 2023 with a long-term note payable to a member firm. The amount owed to the member firm is unsecured and repayable in 6 annual instalments of $6 million, with the final repayment due on 1 June 2027. The amounts owed are interest bearing at a rate based on the upper limit of the Federal Funds Rate plus 1.5% and the Group incurred interest of $1 million for fiscal year 2023.

22 Accrued and other liabilities

	Group 2023 $m	2022 $m	Company 2023 $m	2022 $m
Accrued and other liabilities to member firms	319	240	254	188
Accrued and other liabilities to associate	6	-	-	-
Accrued and other liabilities to third parties	136	58	133	56
Derivative liability	1	18	1	18
	462	316	388	262

22 Accrued and other liabilities (continued)

Accrued and other liabilities, current, primarily represent amounts owed to member firms and third parties for costs and expenses incurred for work performed for the Group, but not yet paid. These amounts will be paid from either existing cash, future cash collected from the member firms or the bank facility.

Other liabilities, long term, are comprised of the following:

		Group		Company	
		2023	2022	2023	2022
	Note	$m	$m	$m	$m
Defined benefit obligation	25	51	49	-	-
Deferred compensation		18	15	18	15
Rights and brands liability	11	80	78	80	78
		149	142	98	93

The Group entered into a long-term agreement for rights and brands (see Note 11) with a third party. The amount owed to the third party is unsecured and is repayable in quarterly instalments beginning 1 January 2025, with the final repayment due on 10 October 2032. The amounts owed are not interest bearing and therefore the Group has imputed interest at the rate of 2.23% and discounted the value of the asset acquired. Imputed interest was $2 million and $0 million for fiscal years 2023 and 2022, respectively.

23 Lease liabilities

	Group		Company	
	2023	2022	2023	2022
	$m	$m	$m	$m
Amounts owed within one year				
Lease liabilities	7	7	-	-
Amounts owed over one year				
Lease liabilities	14	22	-	-

24 Bank facility agreement

On 28 May 2021, the Company, DGSHL and Deloitte Touche Tohmatsu ("DTT" or "Verein"), as borrowers, entered into a new $650 million Revolving Facility Agreement ("Facility") with a syndicate of banks. The term of the Facility is five years. The Facility replaced the previous Revolving Facility Agreement that the Company entered into on 21 December 2016 and was set to expire on 21 December 2021. The Facility is secured by the service fees of DGSHL and DGSL, who are also guarantors of the Facility. As of 16 June 2022, the Facility is also secured by the service fees of DTL, which was added as a guarantor of the Facility.

Loans under the Facility bear interest at the applicable reference rate plus 1.5% per annum. The reference rate for loans denominated in (i) USD is compounded SOFR plus a predetermined credit adjustment spread; (ii) GBP is compounded SONIA plus a predetermined credit adjustment spread; and (iii) EUR is EURIBOR.

On 31 May 2023, there were outstanding borrowings of $100 million under the Facility. There were no outstanding borrowings as of 31 May 2022. Interest expense for borrowings was $12 million and $0 million for fiscal years 2023 and 2022, respectively.

24 Bank facility agreement (continued)

Current bank loans are comprised of the following:

	Bank loans $m
1-month loan due 9 June 2023	100

Subsequent to year end, the $100 million outstanding at 31 May 2023 has been rolled into a new loan. The Group has also made additional drawdowns from the Facility. As of 15 November 2023, the Group has $630 million of outstanding borrowings with the following maturity dates, which can continue to be redrawn from the Facility through the Facility expiration date in May 2026:

	Bank loans $m
1-month loan due 16 November 2023	90
1-month loan due 20 November 2023	50
1-month loan due 30 November 2023	100
1-month loan due 30 November 2023	130
3-month loan due 13 February 2024	260
	630

25 Retirement benefit plan

Defined benefit plan

DTTS sponsors defined benefit pension plans for qualifying employees of DTTS. The funded qualified defined benefit plan ("DTTS Pension Plan") is a cash balance plan, which reports accrued benefits to participants in the form of hypothetical account balances. Account balances are increased each year by a percentage of each participant's compensation plus an interest credit determined annually. Once eligible to retire, employees have the option of receiving benefits in the form of an annuity payment or a lump-sum distribution. Managing directors, a senior employment level, also participate in an unfunded, non-qualified defined benefit plan ("PSRIP"). The PSRIP provides such managing directors with a total retirement benefit based on the number of years of service as a managing director and the managing director's final average pay. This total benefit is offset by the amount accrued in the DTTS Pension Plan.

The DTTS Board has delegated oversight and fiduciary responsibility of the DTTS Pension Plan to the DTTS Retirement Committee (the "Retirement Committee"). Members of the Retirement Committee are appointed by the DTTS Board. The Retirement Committee is designated as the Employee Retirement Income Security Act (ERISA) Plan Administrator and the named fiduciary in the DTTS Pension Plan. The Retirement Committee oversees the administration and the investment of assets for the DTTS Pension Plan. The DTTS Board's responsibility includes plan amendments and monitoring performance of the Retirement Committee. The Retirement Committee keeps the DTTS Board apprised of any significant events throughout the fiscal year. In its role, the Retirement Committee is responsible to act solely in the interest of the plan participants, and for the purpose of providing retirement benefits to such participants and their beneficiaries.

25 Retirement benefit plan (continued)

Defined benefit plan (continued)

The amount contributed to the DTTS Pension Plan is at least the legally required minimum contribution but not more than amounts that are currently deductible for tax purposes, under U.S. Internal Revenue Service rules. The PSRIP is not pre-funded, therefore, benefits are paid directly from payroll as they become due. The PSRIP is considered to be a supplemental non-qualified defined benefit pension plan. The actuarial method used to value these obligations is the Projected Unit Credit method and the method used to determine the fair value of plan assets for the qualified pension plan is the market value of assets.

Movements in the present value of the defined benefit obligation were as follows:

	Qualified 2023 $m	Non-qualified 2023 $m	Qualified 2022 $m	Non-qualified 2022 $m
Defined benefit obligation at beginning of year	231	35	251	35
Current service cost	13	3	15	3
Interest cost	11	2	9	1
Remeasurement (gains)/losses:				
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(22)	(4)	(41)	(7)
Actuarial gains and losses arising from experience adjustments	5	3	3	4
Past service cost, inc. (gain)/loss on curtailments	1	-	-	-
Transfers	4	-	10	-
Benefits paid	(17)	(3)	(16)	(1)
Total	226	36	231	35

25 Retirement benefit plan (continued)

Defined benefit plan (continued)
Movements in the fair value of the plan assets were as follows:

	Qualified 2023 $m	Qualified 2022 $m
Fair value of plan assets at beginning of year	217	229
Interest income	11	9
Return on plan assets, excluding amounts included in interest income/(expense)	(18)	(33)
Contributions from the employer	15	15
Transfers	4	14
Benefits paid	(17)	(16)
Other	(1)	(1)
Fair value of plan assets at end of year	211	217

The amount included within non-current other liabilities (see Note 22) in the consolidated balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	Qualified 2023 $m	Non-qualified 2023 $m	Qualified 2022 $m	Non-qualified 2022 $m
Present value of defined benefit obligation	(226)	(36)	(231)	(35)
Fair value of plan assets	211	-	217	-
Net liability arising from defined benefit obligation	(15)	(36)	(14)	(35)

25 Retirement benefit plan (continued)

Defined benefit plan (continued)

Amounts recognised in the income statement and in other comprehensive income in respect of these defined benefit plans are as follows:

	Qualified 2023 $m	Non-qualified 2023 $m	Qualified 2022 $m	Non-qualified 2022 $m
Service cost:				
Current service cost	15	3	16	3
Net interest expense	-	2	-	1
Components of defined benefit costs recognised in income statement	15	5	16	4
Remeasurement on the net defined benefit liability:				
Return on plan assets (excluding amounts included in net interest expense)	18	-	32	-
Actuarial gains and losses arising from changes in financial assumptions	(22)	(4)	(41)	(8)
Actuarial gains and losses arising from experience adjustments	5	3	3	4
Adjustments for restrictions on the defined benefit assets (net of transfers)	-	-	(4)	-
Components of defined benefit costs recognised in other comprehensive income	1	(1)	(10)	(4)
Total	16	4	6	-

The net liability arising from the defined benefit obligation is included in other liabilities. The pension cost is included in cost of sales and administrative expenses in the Consolidated Statement of Comprehensive Income.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The plans are exposed to a number of risks, including:

- Investment risk: To the extent the asset returns are better or worse than expected, there may be an improvement or decline, respectively, in the funded status of the plan.

25 Retirement benefit plan (continued)

Defined benefit plan (continued)

- Liability hedging investment risk: A portion of the plan's assets are held in liability hedging instruments that are intended to track changes in the liability and reduce funded status volatility. To the extent interest rates on the underlying assets and liabilities do not move in tandem, there is a risk of increased funded status volatility.
- Interest rate risk: As interest rates decrease, the present value of future benefit obligations increases. The magnitude of this risk depends on the plan's effective duration, maturity, population composition, and benefit structure.
- Longevity risk: Changes in the estimation of mortality rates of current and former employees. An increase/decrease in life expectancy of plan participants, including the potential impact of COVID-19 on life expectancy, will increase/decrease the plan's liability.
- Salary risk: Higher/lower than expected increases in future salaries will increase/decrease the plan's liability.
- Curtailment risk: A significant reduction by the entity in the number of employees covered by a plan could lead to an increase/decrease in the plan's liability.

DTTS is not aware of any known subsequent events that would impact the measurements disclosed.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Qualified 2023	Non-qualified 2023	Qualified 2022	Non-qualified 2022
Discount rate used to determine annual net periodic pension cost	5.00%	5.00%	3.75%	3.75%
Discount rate used to measure end of year benefit obligation	5.75%	5.75%	5.00%	5.00%
Expected rate of salary increase:				
Exempt employees	7.03%	N/A	5.99%	N/A
Non-exempt employees	4.66%	N/A	3.64%	N/A
Managing directors	7.36%	7.36%	6.32%	6.32%
Average longevity at retirement age for current pensioners (years)*:				
Males	22.0	26.7	23.7	25.7
Females	24.4	28.3	24.4	30.2
Average longevity at retirement age for current employees (future pensioners) (years)*:				
Males	26.5	25.9	26.5	25.8
Females	28.1	27.5	28.0	27.4

*Based on RP-2006 White Collar Mortality Table (with MP-2018 projection scale)

25 Retirement benefit plan (continued)

Defined benefit plan (continued)
At the end of the reporting period, the qualified plan assets, at fair value, were invested as follows:

	2023	2022
	%	%
Cash and equivalents	3	2
Equity instruments	36	37
Fixed income	54	53
Other	7	8
	100	100

The fair value of the above equity and fixed income securities are determined based on quoted market prices in active markets. The investment policy is to have an asset allocation of 55% in return-generating investments and 45% in liability-hedging investments. Based on market conditions, the actual allocation may vary during a specific period of time. The sensitivity impact of a +/- 1% change in the portfolio investment return on Qualified plan assets during fiscal year 2024 is +/- $2 million.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

		Defined Benefit Obligation	
Actuarial Assumption	**Change**	**Increase**	**Decrease**
		$m	**$m**
Discount rate	(+/- 1%)	(31)	35
Growth in future salaries	(+/- 1%)	4	(3)
Life expectancy	(+/- 1 year)	2	(3)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated balance sheet.

The average duration of the benefit obligation for the fiscal years ended 31 May 2023 and 31 May 2022 is approximately 13 years and 13 years, respectively for the Qualified plan, and approximately 15 years and 15 years respectively for the Non-Qualified plan.

DTTS expects to contribute approximately $15 million and $1 million to its qualified and non-qualified defined benefit pension plans, respectively, in fiscal year 2024. DTTS expects to provide benefit payments of approximately $70 million and $8 million to its qualified and non-qualified defined benefit pension plans respectively, over the next five fiscal years (2024 - 2028).

25 Retirement benefit plan (continued)

Defined contribution plan
DTTS sponsors a 401(k) and a Profit Sharing Plan. DTTS' cost of matching a portion of employee contributions to the 401(k) plan was $8 million in fiscal year 2023 and $4 million in fiscal year 2022. No portion of managing directors' contribution is matched by DTTS; however, in lieu of the match, DTTS provides managing directors with contributions to the DTTS Profit Sharing Plan. DTTS' cost of profit sharing contributions for managing directors was $5 million in fiscal year 2023 and $4 million in fiscal year 2022.

The DTTS Board has delegated oversight and fiduciary responsibility of the DTTS 401(k) Plan and DTTS Profit Sharing Plan to the Retirement Committee. Members of the Retirement Committee are appointed by the DTTS Board. The Retirement Committee is designated as the Employee Retirement Income Security Act (ERISA) Plan Administrator and the named fiduciary in the DTTS 401(k) Plan and DTTS Profit Sharing Plan. The Retirement Committee oversees the administration and the investment of assets for the 401(k) Plan and DTTS Profit Sharing Plan. The DTTS Board's responsibility includes plan amendments and monitoring performance of the Retirement Committee. The Retirement Committee keeps the DTTS Board apprised of any significant events throughout the fiscal year. In its role, the Retirement Committee is responsible to act solely in the interest of the plan participants, and for the purpose of providing retirement benefits to such participants and their beneficiaries.

26 Other commitments and contingencies

The member firms are subject to claims arising from professional services performed. The Group and the member firms have no liabilities for each other's acts or omissions. The Group is not engaged in providing services to clients and is legally separate from the member firms. On occasion, third parties have sought to hold the Group vicariously liable for services performed by the member firms. No judgement has ever been entered holding the Group liable, and the Group vigorously defends itself against all such claims.

The Group primarily occupies space leased by a member firm. The costs of occupancy and related overhead are billed by the member firm to DGSL. The costs incurred by DGSL for occupancy and overhead were $9 million in fiscal year 2023 and $9 million in fiscal year 2022. The costs are included in administrative expenses in the Consolidated Statement of Comprehensive Income.

In fiscal year 2019, DTTS entered into a revolving line of credit to provide GFS up to $10 million with an availability period ending on 21 December 2021. On 11 October 2021, the availability period was extended to 31 May 2023. On 19 January 2023, the previous revolving credit facility was terminated and a new facility was executed between GFS and DGSL on substantially similar terms, with a revolving line of credit of up to $10 million and an availability period that runs to 19 January 2033. As of 31 May 2023 and 2022 there were no borrowings owed by GFS under the facility.

In the ordinary course of business, the Group enters into long-term agreements for technology services, license subscriptions, and maintenance/support services that will be provided in future periods. These amounts are not recorded in the consolidated balance sheet since the Group has not yet received the goods or services from the supplier and has not prepaid any of the costs. The amounts below are the minimum amounts that the Group is committed to pay in future years:

26 Other commitments and contingencies (continued)

	Commitments	
	2023	**2022**
	$m	**$m**
Within one year	736	717
Between one and two years	621	619
Between two and five years	921	1,269
Over five years	64	-
Total	2,342	2,605

27 Financial instruments

Financial instruments arise directly from the Group's operations and are comprised of cash at banks, accounts and other receivables, loans receivable, accounts payable, notes payable, lease liabilities, and accrued and other liabilities. The carrying value of the lease liabilities and rights and brand liability are measured at discounted value, the carrying value of the derivative liability is measured at fair value, and the carrying value of the remaining financial instruments is approximated at their fair values as of 31 May 2023 and 2022. The risks arising from these financial instruments are currency, credit and liquidity risk.

Currency risk

As of 1 June 2022, the Group started to invoice and accept payments from the member firms, and member firms started to invoice and accept payments from the Group, in currencies other than the US dollar. The Group is therefore exposed to foreign currency risk on revenue and expenses that are denominated in a currency other than the US dollar. The resulting gains and losses are reflected in administrative expenses in the consolidated statement of comprehensive income. The Group hedges its exposure to fluctuations in foreign currency on revenue and expenses by purchasing foreign exchange forward contracts as described in Note 3. The foreign currency exposure from settlements of assets and liabilities is assessed annually and not deemed material for the reporting period, as the majority of transactions are made in the functional currency (the US dollar). The Group revalued foreign currency balances on the balance sheet based on the USD spot rate as of 31 May 2023.

Credit risk

Credit risk is the risk of financial loss if a customer fails to meet its contractual obligations. The Group's customers are the member firms. The maximum exposure to credit risk is equal to the carrying value of the accounts receivable and loans receivable from member firms, including related accrued interest. Credit risk relating to non-payment of service fees by the member firms is not considered a significant risk to the Group.

Accounts receivable balances are considered due and payable within 30 days of invoice due date. In fiscal years 2023 and 2022 current accounts receivable represented the entire balance as stated. Amounts past due for accounts receivable and loans receivable from member firms were provided against at 31 May 2023 and 2022. The Group has applied the IFRS 9 simplified approach to measuring ECL using a lifetime expected loss provision for accounts receivable and the general approach for assessing impairment of loans receivable from member firms. Loans receivable from member firms are assessed for lifetime expected credit losses at the origination of the loan. The Group also considered the impacts of the Russia-Ukraine conflict in each approach, which did not result in additional amounts reserved in the allowance for doubtful accounts and the allowance for uncollectible loans in fiscal year 2023.

27 Financial instruments (continued)

Credit risk (continued)

Credit risk also arises from cash with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted. The Group monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties. For all financial assets to which the impairment requirements have not been applied, the carrying amount represents the maximum exposure to credit loss.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. All of the Group's and Company's financial liabilities are due to be paid within one year of the reporting date with the exception of the note payable, lease liabilities, and rights and brands liability. The Group's revenues are derived from service fees charged to the member firms and the Group manages its expenses to ensure it has sufficient funds for meeting its financial obligations. Cash balances are monitored in relation to future obligations through regular forecasting of cash flows. The Group maintains adequate flexibility through drawing down on the revolving credit facilities with its lenders.

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Group

			2023		
	Within one year	Between one & two years	Between two & five years	Over five years	Total
Accounts payable	124	-	-	-	124
Note payable to member firm	31	31	95	50	207
Accrued and other liabilities	462	6	37	47	552
Bank loans	101	-	-	-	101
Lease liabilities	7	7	7	-	21
Due to parent	33	-	-	-	33
Total	758	44	139	97	1,038

			2022		
	Within one year	Between one & two years	Between two & five years	Over five years	Total
Accounts payable	102	-	-	-	102
Note payable to member firm	25	25	75	75	200
Accrued and other liabilities	316	-	31	59	406
Lease liabilities	8	7	14	1	30
Total	451	32	120	135	738

27 Financial instruments (continued)

Liquidity risk (continued)

Company

	Within one year	Between one & two years	Between two & five years	Over five years	Total
			2023		
Accounts payable	106	-	-	-	106
Note payable to member firm	31	31	95	50	207
Accrued and other liabilities	388	6	37	47	478
Bank loans	101	-	-	-	101
Due to subsidiaries	81	-	-	-	81
Due to parent	33	-	-	-	33
Total	740	37	132	97	1,006

	Within one year	Between one & two years	Between two & five years	Over five years	Total
			2022		
Accounts payable	97	-	-	-	97
Note payable to member firm	25	25	75	75	200
Accrued and other liabilities	262	-	31	59	352
Due to subsidiaries	93	-	-	-	93
Total	477	25	106	134	742