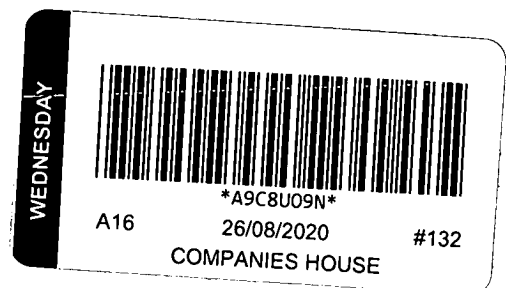


# DGSL CoRe Limited

(Private Company Limited by Guarantee)

Strategic Report, Directors' Report, and Financial Statements  
31 May 2020

Registered Number 10384085



# DGSL CORE LIMITED

## TABLE OF CONTENTS

---

	<b>Page</b>
STRATEGIC REPORT	1-2
DIRECTORS' REPORT	3-4
INDEPENDENT AUDITORS' REPORT	5-7
STATEMENT OF COMPREHENSIVE INCOME	8
BALANCE SHEET	9
STATEMENT OF CHANGES IN EQUITY	10
NOTES TO FINANCIAL STATEMENTS	11-14

## **DGSL CORE LIMITED**

### **STRATEGIC REPORT**

---

The Directors present their strategic report for the year ended 31 May 2020.

#### **Principal Activity and Business Review**

DGSL CoRe Limited ("CoRe" or "Company") was incorporated as a private company limited by guarantee and commenced business on 19 September 2016.

The Company is a subsidiary of Deloitte Global Services Limited ("DGSL"). The principal activity of the Company is to provide services to member firms of Deloitte Touche Tohmatsu Limited ("DTTL") and its affiliates to further the international alignment, cooperation, and cohesion among member firms. The Company supports the initiatives approved by the DTTL Board of Directors and Representatives of the DTTL member firms.

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

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

#### **Results**

The key financial performance indicator is service fee revenue. Total revenues for the fiscal year ended 31 May 2020 were \$106 million and total expenses were \$106 million resulting in a break-even result for the fiscal year ended 31 May 2020. This compares to total revenues of \$104 million and total expenses of \$104 million resulting in a break-even result for the prior fiscal year ended 31 May 2019. Revenue increased 1% over the prior fiscal year. Revenue is in line with fiscal year 2019 due to the provision of similar services. The Company is focused on providing services to member firms and DGSL. The services provided are funded from fees collected from both member firms and DGSL each fiscal year, which will vary based on initiatives set forth by the Company. If actual service fee revenue declines during the year, operations and investment spend could also be reduced to mitigate net loss. In the event the Company's service fees from member firms does not cover the cost of operations, DGSL also has the use of a \$650 million revolving line of credit with a syndicate of banks, which can be utilized as necessary to fund the Company's operations or investments. Results for fiscal years 2020 and 2019 are in line with management's expectations. The Directors do not recommend the payment of a dividend for the period.

#### **Principal Risks and Uncertainties**

The Directors review and agree on policies for managing risk. The Company provides services to member firms of DTTL to further the international alignment, cooperation, and cohesion among the member firms. Since revenue is generated from DTTL member firms and DGSL, risks to DTTL may have an impact on the Company's ability to collect fees. DTTL has an enterprise risk framework ("Framework") in place. The Framework is designed to identify, monitor and respond to business risks, which if materialized, could impact

## DGSL CORE LIMITED

### STRATEGIC REPORT

---

#### Principal Risks and Uncertainties (continued)

the ability of the network of member firms ("Deloitte network") to achieve its strategy and objectives, including the protection of its reputation and brand and its delivery of consistent, high quality services. The Framework also includes processes to regularly monitor the environment for developments and changes that could impact the Deloitte network's risk profile and identify and appropriately respond to new and/or emerging risks and trends that could impact the Deloitte network's resilience to those risks.

The risks the DTTL Board and DTTL Executive considered to have the most significant impact on the DTTL member firms if the risk were to materialize are audit quality, ethical conduct, confidentiality/privacy, cyber security, regulatory and public interest, talent, innovation, advisory business quality, geopolitical uncertainty, and activism. 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 through member firms.

By order of the Board



Michael Dougherty  
Director

Date: 11 August 2020

## DGSL CORE LIMITED

### DIRECTORS' REPORT

---

The Directors present their report and financial statements for the fiscal year ended 31 May 2020.

#### Directors

The Directors who held office during fiscal year 2020 were as follows:

- Juan Manuel Alonso
- Adrian Crampton
- Michael Dougherty
- David Hill
- Kimberly Kim
- David Noon
- Iseo Pasquali

The Directors who continued in office or were appointed on 1 June 2020 due to retirements and normal board rotation for fiscal year 2021 are as follows:

- Juan Manuel Alonso
- Rainer Baetz
- Michael Dougherty
- David Hill
- Kimberly Kim
- David Noon
- Iseo Pasquali

#### 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") 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 Company and of the profit or loss of the Company 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 judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, 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 Company will continue in business.

The directors and management are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial

## **DGSL CORE LIMITED**

### **DIRECTORS' REPORT**

---

#### **Directors' Responsibilities (continued)**

position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors and management are aware:

- there is no relevant audit information of which the Company'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 that information.

#### **Financial Instruments**

The Directors are responsible for approving policies in relation to the Company's financial instruments.

#### **Future Developments**

The Directors do not anticipate changes to the nature of the business that would materially impact the Company's operations. The Directors anticipate continuing as a going concern and are monitoring the COVID-19 pandemic in order to mitigate the impact to the Company's financial performance. The annual service fees forecast for fiscal year 2021, the availability of a \$650 million revolving credit facility at DGSL, and planned cost containment initiatives will allow the Company to have sufficient working capital to meet its financial obligations for at least the next twelve months. The Company therefore continues to adopt the going concern basis of accounting in preparing the financial statements.

#### **Auditors**

BDO LLP have expressed their willingness to continue in office. Pursuant to Section 487(2) of the Companies Act 2006, BDO LLP will be deemed to be reappointed and will therefore continue in office.

By order of the Board



Michael Dougherty  
Director

Date: 11 August 2020

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DGSL CORE LIMITED**

### **Opinion**

We have audited the financial statements of DGSL CoRe Limited ("the Company") for the year ended 31 May 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Strategic report, Directors report and financial statements, 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



### **Auditor's responsibilities for the audit of the financial statements**

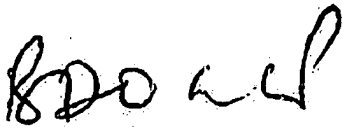
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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



Gary Hanson (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
11 August 2020

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

## DGSL CORE LIMITED

### STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 MAY 2020

	Notes	<u>2020</u> \$m	<u>2019</u> \$m
REVENUES:			
Service fees billed to member firms	1	91	89
Service fees and other billed to DGSL	1	15	15
Total revenues		<u>106</u>	<u>104</u>
EXPENSES:			
Service fees and other expense	1	<u>106</u>	<u>104</u>
Total expenses		<u>106</u>	<u>104</u>
NET RESULT		-	-
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>

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

See the accompanying notes to the financial statements.

## DGSL CORE LIMITED

### BALANCE SHEET

YEAR ENDED 31 MAY 2020

REGISTERED NUMBER 10384085

	Notes	<u>2020</u> \$m	<u>2019</u> \$m
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and equivalents		1	13
Accounts receivable from member firms	4	6	6
Due from parent		8	-
Total current assets		<u>15</u>	<u>19</u>
<b>TOTAL ASSETS</b>		<u>15</u>	<u>19</u>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable to member firms	5	15	4
Due to parent	5	-	15
Total current liabilities		<u>15</u>	<u>19</u>
<b>EQUITY</b>		<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>15</u>	<u>19</u>

See the accompanying notes to the financial statements.

These financial statements were approved by the Board of Directors on 11 August 2020.

Signed on behalf of the Board of Directors



Michael Dougherty  
Director

## DGSL CORE LIMITED

### STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 MAY 2020

	<u>Member's Contribution</u> \$m	<u>Retained Earnings</u> \$m	<u>Other Comprehensive Income</u> \$m	<u>Total</u> \$m
AT 31 MAY 2018	-	-	-	-
Net result for year	-	-	-	-
AT 31 MAY 2019	-	-	-	-
Net result for year	-	-	-	-
AT 31 MAY 2020	-	-	-	-
	(a)			

Notes

(a) For further details refer to Note 7

See the accompanying notes to the financial statements.

## DGSL CORE LIMITED

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2020

---

#### 1. ORGANIZATION

DGSL CoRe Limited ("CoRe" or "Company") is a private company limited by guarantee which was incorporated in England and Wales on 19 September 2016 and commenced business on the same date. CoRe is a subsidiary of Deloitte Global Services Limited ("DGSL" or "Parent"), a private company limited by guarantee and incorporated in England and Wales. DGSL is a subsidiary of Deloitte Global Services Holdings Limited ("DGSHL"), a private company limited by guarantee and incorporated in England and Wales.

The Company provides administrative and other non-client related services to member firms and its parent, DGSL. The Company is billed for employee and other costs incurred by DGSL and its subsidiaries. For the fiscal year ended 31 May 2020, the Company's billings and revenues were \$91 million and \$15 million to member firms and DGSL respectively. The Company was billed \$106 million of costs for the services provided by DGSL and its subsidiaries. The amount due from DGSL at 31 May 2020 was \$8 million. For the fiscal year ended 31 May 2019, the Company's billings and revenues were \$89 million and \$15 million to member firms and DGSL respectively. The Company was billed \$104 million of costs for the services provided by DGSL and its subsidiaries. The amount due to DGSL at 31 May 2019 was \$15 million.

The principal activity of the Company is to provide services to member firms of Deloitte Touche Tohmatsu Limited ("DTTL") to further the international alignment, cooperation, and cohesion among the member firms.

The Company's principal place of business is 1221 Avenue of the Americas, New York, NY 10020. The Company's registered address is Hill House, 1 Little New Street, London EC4A 3TR.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** — The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) and applicable law. In applying FRS 101, the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the European Union (IFRS EU) and applies all reduced disclosure exemptions permitted. 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.

##### **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:

- a statement of cash flows;
- certain comparative information as otherwise required by EU endorsed IFRS;
- the effect of future accounting standards not yet adopted;

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly-owned members of the DGSHL Group (DGSHL together with its subsidiaries DGSL, Deloitte Touche Tohmatsu Services, and CoRe).

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

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

**Going Concern** — At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next twelve months. The strategic report discusses the Company's results and key performance indicator used as the basis for this conclusion. Revenue is generated from the member firms, 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 and DGSL. DGSL also has the use of a \$650 million revolving line of credit with a syndicate of banks, which can be utilized as necessary to fund the Company's operations or investments. As a result of the annual service fees forecast for fiscal year 2021, the availability of the revolving line of credit at DGSL, and planned cost containment initiatives as a result of the COVID-19 pandemic, the Company will have sufficient working capital to meet its financial obligations for at least the next twelve months, and the Company continues to adopt the going concern basis of accounting in preparing the 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. The Board and management have assessed key areas of judgment 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 in the next 12 months. These estimates and assumptions relate to the collectability of accounts receivable. Actual results could differ from the estimates used.

**CoRe Services** — The Company provides a range of services for which it bills member firms and DGSL which is the source of the Company's revenue. These service areas include real estate strategy and solutions, procurement, knowledge services, data management, data assessment, creative services, and contact center. The costs to provide these services, which vary depending on usage and headcount, are included in the Company's expenses. While there are a variety of potential shared services that the Company stands ready to perform throughout the year, the performance obligations are substantially the same and have the same pattern of transfer to the Member firms. This service has a single performance obligation which is performed over time throughout the year. The rate at which the Company charges fees to member firms is determined by the Board 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 recognized over the fiscal year. The fiscal year is also the term of the contract period.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Income Taxes** — The Company qualifies as a mutual trader under UK law and is subject to UK corporate income tax only on non-mutual trading income. The Company has elected to be disregarded from its parent, DGSL, for US federal income tax purposes and is therefore not subject to US income taxes as an entity. Instead its operations are included in those of DGSL for US federal income tax purposes. The Company may be subject as an entity to certain minimum US state or local income taxes.

**Cash and Equivalents** — Cash and equivalents are comprised of cash in hand and current balances with banks.

**Accounts Receivable** — Accounts receivable are carried at amortized cost, less an allowance for doubtful receivables.

**Allowance for Doubtful Accounts** — The Company calculates an allowance for doubtful accounts against its accounts receivable to estimate losses on receivables based on known account balances expected to be uncollectible and historical experience of losses incurred. The Company 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 Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions (including the COVID-19 pandemic), 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.

**Accounts Payable** — Accounts payable to member firms are carried at amortized cost, which approximates fair value.

## 3. INCOME TAXES

The Company does not have income tax expense for fiscal years 2020 and 2019. The Company qualifies for the Mutual Trade exemption for purposes of taxation and therefore the income and profit earned in both years was not subject to UK corporate income tax.

## 4. ACCOUNTS RECEIVABLE FROM MEMBER FIRMS

	<u>2020</u>	<u>2019</u>
	\$m	\$m
Receivable from service fees	6	6
Less allowance for doubtful accounts	-	-
Accounts receivable from member firms	<u>6</u>	<u>6</u>

Accounts Receivable are comprised of service fees charged to member firms. The Company has applied the IFRS 9 simplified approach to measuring expected credit losses (“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 Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions (including the COVID-19 pandemic), 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.

**5. CURRENT LIABILITIES**

The Company's current liabilities consist of accounts payable balances due to member firms for costs and expenses incurred for work performed for the Company. These amounts will be paid from existing cash and future cash, collected from member firms. Amounts owed to DGSL in the prior year were for services performed for the Company.

**6. OTHER COMMITMENTS AND CONTINGENCIES**

Member firms are subject to claims arising from professional services performed. The Company and member firms have no liabilities for each other's acts or omissions. The Company does not provide any professional services and is legally separate from member firms. No judgment has ever been entered holding the Company liable, and the Company vigorously defends itself against all potential claims.

**7. MEMBER CONTRIBUTION**

The Company is registered in England and Wales as a private company limited by guarantee with no share capital. The sole member of the Company is DGSL and no member contributions are required. DGSL 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 for payment of the Company's debts and liabilities. There were no member contributions for fiscal years 2020 and 2019.

**8. TRANSACTIONS WITH MEMBER FIRMS**

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

**9. AUDITOR'S REMUNERATION**

Net result includes the auditor's remuneration of \$20 thousand in fiscal year 2020 and \$20 thousand in fiscal year 2019.

\* \* \* \* \*



**Registered Office**  
Hill House  
1 Little New Street  
London  
EC4A 3TR

**Auditors**  
BDO LLP  
55 Baker Street  
London  
W1U 7EU