

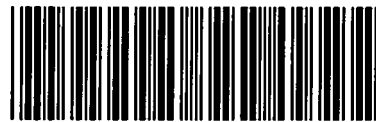
Registration number: 10384085

DGSL CoRe Limited

Annual Report and Financial Statements

for the Year Ended 31 May 2022

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DGSL CoRe Limited

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DGSL CoRe Limited

Strategic Report For the Year Ended 31 May 2022

The Directors present their strategic report for the year ended 31 May 2022.

Principal activity and business review

DGSL CoRe Limited (“CoRe” or “Company”) is a private company limited by guarantee, incorporated in England and Wales.

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 2022 were \$123 million and total expenses were \$123 million resulting in a break-even result for the fiscal year ended 31 May 2022. This compares to total revenues of \$107 million and total expenses of \$107 million resulting in a break-even result for the prior fiscal year ended 31 May 2021. Revenue increased by 15% over the prior fiscal year. Revenue for the fiscal year ended 31 May 2022 increased when compared with fiscal year 2021 due to the increased provision of 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 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 2022 and 2021 are in line with management’s expectations. 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. The Company provides services to member firms 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 priority business risks, which if materialized, could impact 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.

DGSL CoRe Limited

Strategic Report

For the Year Ended 31 May 2022 (continued)

Principal risks and uncertainties (continued)

The risks the DTTL Board considered to have the most significant impact on the DTTL member firms if the risk were to materialize are audit quality, conduct, data confidentiality and privacy, cyber security, regulatory, talent, innovation, advisory quality, geopolitical 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 through member firms.

Approved by the Board on 20 February 2023 and signed on its behalf by:



.....
Michael Dougherty
Director

DGSL CoRe Limited

Directors' Report For the Year Ended 31 May 2022

The Directors present their report and the financial statements for the fiscal year ended 31 May 2022.

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:

Juan Manuel Alonso

Rainer Erich Baetz

Michael Dougherty

David Mark Hill (resigned 1 June 2022)

Kimberly Kim

David Allan Noon (resigned 1 January 2023)

Iseo Pasquali (resigned 13 September 2022)

The following Directors were appointed after the year end:

Adam Kramer (appointed 13 September 2022)

Nobuyuki Nagata (appointed 1 June 2022)

Morten Ry (appointed 1 January 2023)

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 apply them consistently;
- make judgements 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 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.

DGSL CoRe Limited

Directors' Report For the Year Ended 31 May 2022 (continued)

Directors' responsibilities (continued)

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 such information.

Directors' indemnities

The Company 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.

Financial risk management objectives and policies

The Company's activities expose it to financial risks, such as credit risk. The Company's principal financial assets are bank balances, trade receivables, and other receivables.

The Company's credit risk is primarily attributable to its trade receivables.

The risks in respect of liquidity, interest rate, cash flow, foreign exchange, and price are managed by local management.

Dividend

The Directors did not recommend payment of a dividend for fiscal year 2022 (2021: \$nil).

Political contributions

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

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, the Russia-Ukraine conflict, and other potential developments in order to mitigate the impact to the Company's financial performance. The annual service fees, the availability of a \$650 million revolving credit facility at DGSL, and available 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.

Impact of COVID-19

The Directors continue to monitor the ongoing situation regarding coronavirus, its impact and potential impact on the Company, and take mitigating action as deemed necessary.

DGSL CoRe Limited

Directors' Report

For the Year Ended 31 May 2022 (continued)

Impact of Russia-Ukraine conflict

Armed conflict commenced between Russia and Ukraine in February 2022. In response, Canada, the United States, the United Kingdom, and the European Union, among others, have imposed a wave of sanctions against certain Russian institutions, companies and citizens. As a result of the conflict and related sanctions, energy prices have continually climbed and foreign trade transactions involving Russian and Ukrainian counterparties have been severely affected.

The extent and duration of the conflict, resulting sanctions and resulting future market disruptions are impossible to predict, but could be significant. The Directors are monitoring the potential impacts of the conflict in Ukraine on the Company's business overall and in particular, risks related to cybersecurity, sanctions and market disruptions. In addition, Russia and Belarus were separated from the Deloitte network as of 23 May 2022 and therefore there are no further operations in either country.

Post balance sheet events

As noted in Note 2, the data assessment service previously provided by the Company to member firms moved to DGSL as of 1 June 2022. There were no other significant events after the balance sheet date.

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.

Approved by the Board on 20 February 2023 and signed on its behalf by:



.....
Michael Dougherty
Director

Independent Auditor's Report to the Members of DGSL CoRe Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2022 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.

We have audited the financial statements of DGSL CoRe Limited (the "Company") for the year ended 31 May 2022, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, 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 United Kingdom Accounting Standards including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

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 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 Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The 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.

Independent Auditor's Report to the Members of DGSL CoRe Limited (continued)

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 the 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 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, 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 Directors' report, 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.

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:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company, and determined that the most significant which are directly relevant to specific assertions in the Financial Statements are those related to the reporting framework (Financial Reporting Standard 101, and the Companies Act 2006);
- We determined how the entity is complying with these legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures, corroborating our enquiries through review of board minutes;

Independent Auditor's Report to the Members of DGSL CoRe Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)


- We used an engagement team with appropriate competence and capabilities to identify non-compliance with laws and regulations; and
- We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks related to posting inappropriate journal entries to manipulate financial position and management bias in accounting estimates. We considered the controls that the company has established to address the risks identified, or that otherwise prevent, deter and detect fraud. We challenged management on the assumptions made in their significant accounting estimates, in particular in relation to trade receivables.

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.

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.

DocuSigned by:


ADBACD10598DC44F.....
Tim Neathercoat (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

London

Date: 21 February 2023

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 2022**

	Note	2022 \$m	2021 \$m
Revenue		123	107
Cost of sales		<u>(97)</u>	<u>(83)</u>
Gross profit		26	24
Administrative expenses		<u>(26)</u>	<u>(24)</u>
Operating profit/(loss)		-	-
Interest - net		<u>-</u>	<u>-</u>
Profit/(loss) before tax		-	-
Income tax		<u>-</u>	<u>-</u>
Net result		-	-
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>-</u></u>	<u><u>-</u></u>

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

See the accompanying notes to the financial statements.

DGSL CoRe Limited

Balance Sheet As at 31 May 2022

	Note	2022 \$m	2021 \$m
Assets			
Current assets			
Accounts receivable and other	4	<u>6</u>	<u>3</u>
Total assets		<u><u>6</u></u>	<u><u>3</u></u>
Liabilities and equity			
Current liabilities			
Accounts payable to member firms	5	3	1
Deferred revenue member firms	6	<u>3</u>	<u>2</u>
		<u>6</u>	<u>3</u>
Equity		<u>-</u>	<u>-</u>
Total liabilities and equity		<u><u>6</u></u>	<u><u>3</u></u>

The financial statements of DGSL CoRe Limited (registration number: 10384085) were approved by the Board of Directors on 20 February 2023 and signed on its behalf by:



.....
Michael Dougherty
Director

DGSL CoRe Limited**Statement of Changes in Equity
For the Year Ended 31 May 2022**

	Member's contribution \$m	Retained earnings \$m	Total \$m
At 1 June 2020	-	-	-
Net result for year	-	-	-
At 31 May 2021	-	-	-
At 1 June 2021	-	-	-
Net result for year	-	-	-
At 31 May 2022	-	-	-

NOTES

See Note 8 for further details on Members' contributions.

DGSL CoRe Limited

Notes to the Financial Statements For the Year Ended 31 May 2022

1 General information

DGSL CoRe Limited ("CoRe" or "Company") is a private company limited by guarantee which was incorporated in England and Wales. 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 DGSL. For the fiscal year ended 31 May 2022, the Company's billings and revenues were \$104 million and \$19 million to member firms and DGSL respectively. For the fiscal year ended 31 May 2021, the Company's billings and revenues were \$93 million and \$14 million to member firms and DGSL respectively.

Since the Company does not have any employees, the services to member firms are provided by DGSL and its subsidiaries. The Company is therefore billed for personnel and other costs incurred by DGSL and its subsidiaries. The Company was billed \$123 million and \$107 million of costs for the services provided by DGSL and its subsidiaries in fiscal years 2022 and 2021, respectively. The amount due from DGSL was \$4 million at 31 May 2022 and \$1 million at 31 May 2021.

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 address of its registered office is:

Hill House
1 Little New Street
London
EC4A 3TR

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of presentation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 (*Reduced Disclosure Framework*) (FRS 101) 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.

DGSL CoRe Limited

Notes to the Financial Statements For the Year Ended 31 May 2022 (continued)

2 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:

- a 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, Deloitte Touche Tohmatsu Services LLC, CoRe, Global Conferencing Services S.à r.l., Deloitte Contracting Advisors LLC, DGTS USA LLC, DGTS Germany GmbH, DGT Services (Singapore) Pte. Ltd., DGSL Privacy Services Limited, DTTS Overseas Services LLC, DTTS Overseas Projects LLC, DTTL Resources Limited and Deloitte Technology Limited).

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 publicly available and can be obtained from UK Companies House.

Changes to presentation

The presentation of prior year information for the Company was changed to align with Company reporting for the fiscal year ended 31 May 2022. Changes are reflected in current liabilities on the balance sheet and the related footnotes.

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, the availability of the revolving line of credit at DGSL, and available cost containment initiatives as a result of the COVID-19 pandemic, the Russia-Ukraine conflict, or recession planning, 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.

DGSL CoRe Limited

Notes to the Financial Statements For the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

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 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 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 services are substantially the same and have the same pattern of transfer to the member firms. The Company has a single performance obligation which is performed over time throughout the year. The service fees that the Company charges 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. As of 1 June 2022, the data assessment service previously provided by the Company to member firms ceased and was undertaken by DGSL.

Deferred revenue

Amounts received in advance of the performance of CoRe services are initially recognised as contract liabilities presented within deferred revenue and recorded as earned revenue as the Company performs the services under the contract. Where the Company's performance of its obligations under a contract are less than amounts received, deferred revenue is recognised as a contract liability. See Note 6 of the Notes to the Financial Statements.

Cost of sales

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

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 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 current cash balances with banks.

DGSL CoRe Limited

Notes to the Financial Statements For the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

Accounts receivable and other

Accounts receivable are carried at amortized cost, less an allowance for doubtful receivables. In accordance with IAS 32 "Financial Instruments: Presentation" paragraph 42(a), the Company records assets and liabilities on a net basis as a legally enforceable right of set-off exists. The Company offset \$6 million and \$7 million of accounts receivable against current liabilities at 31 May 2022 and 31 May 2021, respectively.

Allowance for doubtful accounts

The Company calculates an allowance for doubtful accounts against its accounts receivable to estimate losses on receivables. 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 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.

Accounts payable to member firms

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

3 Income taxes

The Company qualifies for the Mutual Trade exemption for purposes of taxation and therefore the income and profit earned in both years was largely exempt from UK corporate income tax.

4 Accounts receivable and other

	2022 \$m	2021 \$m
Amounts due by parent undertaking	4	1
Amounts due by member firms	2	2
	<u>6</u>	<u>3</u>

Accounts receivable are comprised of service fees charged to member firms or amounts due by parent undertaking. The Company 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 Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions (including the COVID-19 pandemic and 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 did not have a material impact on the determination of the allowance for doubtful accounts. The Company did not record an allowance for doubtful accounts at 31 May 2022 and 2021.

DGSL CoRe Limited

Notes to the Financial Statements For the Year Ended 31 May 2022 (continued)

5 Accounts payable to member firms

	2022	2021
	\$m	\$m
Amounts due to member firms	3	1

The Company's current liabilities consist of trade 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.

6 Deferred revenue from member firms

The amount consists of current deferred revenue balances from member firms of \$3 million and \$2 million in fiscal years 2022 and 2021, respectively. The Company recognised \$2 million of revenue in fiscal year 2022 from fiscal year 2021 deferred revenues.

7 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 is not engaged in providing services to clients and is legally separate from member firms. No judgement has ever been entered holding the Company liable, and the Company vigorously defends itself against all potential claims.

8 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 DGSL is a member for payment of the Company's debts and liabilities. There were no member contributions for fiscal years 2022 and 2021.

9 Auditor's remuneration

Net result includes the auditor's remuneration of \$26 thousand in fiscal year 2022 and \$22 thousand in fiscal year 2021.