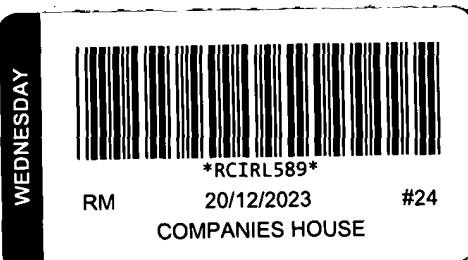


Registration number: 10384085

DGSL CoRe Limited

Annual Report and Financial Statements

for the Year Ended 31 May 2023



DGSL CoRe Limited

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DGSL CoRe 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

DGSL CoRe Limited ("CoRe" or the "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 their related entities (the "member firms of DTTL" or the "member firms") and to DGSL 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 member firms of DTTL.

The Company is not engaged in providing services to clients outside of the member firms of DTTL. 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 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 2023 were \$132 million and total expenses were \$132 million resulting in a break-even result for the fiscal year ended 31 May 2023. This compares to total revenues of \$123 million and total expenses of \$123 million resulting in a break-even result for the prior fiscal year ended 31 May 2022. Revenue increased by 7% over the prior fiscal year. Revenue for the fiscal year ended 31 May 2023 increased when compared with fiscal year 2022 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 2023 and 2022 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 the member firms of DTTL (together with the Company and its related entities, the "Deloitte network" or "Deloitte") to further the international alignment, cooperation, and cohesion among the member firms. Since revenue is generated from the member firms of DTTL and DGSL, risks to the member firms of 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 Deloitte network to achieve its 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 Deloitte's resilience to those risks.

DGSL CoRe Limited

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

The risks that the DTTL Board currently considers to have the most significant impact on the member firms of DTTL if the risks were to materialize 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.

Approved by the Board on 28 November 2023 and signed on its behalf by:



Donna L. Ward
Director

DGSL CoRe Limited

Directors' Report For the Year Ended 31 May 2023

The Directors present their report and the financial statements for the fiscal 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:

Juan Manuel Alonso

Rainer Erich Baetz

Michael Dougherty (resigned 31 May 2023)

Kimberly Kim

Adam Kramer (appointed 13 September 2022)

Nobuyuki Nagata (appointed 1 June 2022 and resigned 31 May 2023)

David Allan Noon (resigned 1 January 2023)

Iseo Pasquali (resigned 13 September 2022)

Morten Ry (appointed 1 January 2023)

David Mark Hill (resigned 1 June 2022)

The following Directors were appointed after the year end:

David Kennedy (appointed 1 June 2023)

Donna L. Ward (appointed 1 June 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 2023 (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.

Financial instruments

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

Dividend

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

Political contributions

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

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 Company continues to actively monitor the impact of these macroeconomic factors on its financial condition, liquidity, operations, and workforce. The Company 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 Company 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 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 Company's financial performance. The Directors do not anticipate changes to the nature of the business that would materially impact the Company's operations. The annual service fees, the availability of a \$650 million revolving credit facility at DGSL, and the ability to implement certain 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.

Post balance sheet events

As noted in Note 2, the Company purchased 17 forward contracts on 1 June 2023. There were no other significant events after the balance sheet date.

DGSL CoRe Limited

**Directors' Report
For the Year Ended 31 May 2023 (continued)**

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 28 November 2023 and signed on its behalf by:



Donna L. Ward
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 2023 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 2023, 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 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:

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

Auditor Responsibilities for the audit of the financial statements (continued)

Non-compliance with laws and regulations

Based on:

- Documenting and considering our understanding of the Company 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 Company'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 Company operates; and
- Compliance with the relevant regulations set out by the Financial Reporting Council.

The Company 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 Company's external legal counsel.

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 Company's policies and procedures relating to:
 - o Detecting and responding to the risks of fraud; and
 - o 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.

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

Auditor Responsibilities for the audit of the financial statements (continued)

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: 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 member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

4DBAD10598DC44F

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

London

29 November 2023
Date:.....

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 2023**

	Note	2023 \$m	2022 \$m
Revenue	4	132	123
Cost of sales		<u>(100)</u>	<u>(97)</u>
Gross profit		32	26
Administrative expenses		<u>(32)</u>	<u>(26)</u>
Operating profit/(loss)		-	-
Interest - net		<u>-</u>	<u>-</u>
Profit/(loss) before tax		-	-
Income tax		<u>-</u>	<u>-</u>
Net result	5	-	-
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 2023**

	Note	2023 \$m	2022 \$m
Assets			
Current assets			
Cash at banks		-	-
Accounts receivable and other	6	8	6
Total assets		<u>8</u>	<u>6</u>
Liabilities and equity			
Current liabilities			
Accounts payable to member firms	7	2	3
Deferred revenue member firms	8	5	3
Accrued and other liabilities	9	1	-
		<u>8</u>	<u>6</u>
Equity		<u>-</u>	<u>-</u>
Total liabilities and equity		<u>8</u>	<u>6</u>

The financial statements of DGSL CoRe Limited (registration number: 10384085) were approved by the Board of Directors on 28 November 2023 and signed on its behalf by:



Donna L. Ward
Director

DGSL CoRe Limited

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

	Member's contribution \$m	Retained earnings \$m	Total \$m
At 1 June 2021	-	-	-
Net result for year	-	-	-
At 31 May 2022	-	-	-
At 1 June 2022	-	-	-
Net result for year	-	-	-
At 31 May 2023	-	-	-

NOTES

See Note 11 for further details on Members' contributions.

DGSL CoRe Limited

Notes to the Financial Statements For the Year Ended 31 May 2023

1 General information

DGSL CoRe Limited ("CoRe" or the "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 2023, the Company's billings and revenues were \$113 million and \$19 million to member firms and DGSL respectively. 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.

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 \$132 million and \$123 million of costs for the services provided by DGSL and its subsidiaries in fiscal years 2023 and 2022, respectively. The amount due from DGSL was \$7 million at 31 May 2023 and \$4 million at 31 May 2022.

The principal activity of the Company is to provide services to member firms of Deloitte Touche Tohmatsu Limited ("DTTL") and their related entities and to DGSL 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:
1 New Street Square
London
United Kingdom
EC4A 3HQ

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:

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.

DGSL CoRe Limited

Notes to the Financial Statements For the Year Ended 31 May 2023 (continued)

2 Accounting policies (continued)

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 Company 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 financial statements is determined on such a basis.

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.

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, DTT Forensic Resources 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.

DGSL CoRe Limited

Notes to the Financial Statements For the Year Ended 31 May 2023 (continued)

2 Accounting policies (continued)

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 that expires in May 2026 and 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, 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 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 the 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 8 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.

DGSL CoRe Limited

Notes to the Financial Statements For the Year Ended 31 May 2023 (continued)

2 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 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 at banks

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

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 \$6 million of accounts receivable against current liabilities at 31 May 2023 and 31 May 2022, 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, 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, accrued and other liabilities

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

Derivative financial instruments

At the end of fiscal year 2023, the Company entered into contracts for derivative financial instruments to manage its exposure to foreign exchange rate risks by purchasing foreign exchange forward contracts. On 31 May 2023, the Company purchased 77 foreign currency forward contracts to manage the cash flow exposure for 6 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 Company purchased an additional 17 forward contracts.

The Company'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 2023, there were no settled derivatives and therefore no realized gains or losses. In addition, since the forward contracts were purchased on 31 May 2023, there were no unrealized gains or losses to report for fiscal year 2023 and therefore no derivative asset or liability as of 31 May 2023.

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.

DGSL CoRe Limited

Notes to the Financial Statements For the Year Ended 31 May 2023 (continued)

4 Revenue

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

	2023 \$m	2022 \$m
Service fees billed to member firms	113	104
Service fees billed to DGSL	19	19
	<u>132</u>	<u>123</u>

5 Net result

Net result for the year is arrived at after charging:

	2023 \$m	2022 \$m
Professional services	104	97
Facility and related	19	17
Technology costs	6	8
Travel and meetings	2	1
Office and other costs	1	-
	<u>132</u>	<u>123</u>

6 Accounts receivable and other

	2023 \$m	2022 \$m
Amounts due by parent undertaking	7	4
Amounts due by member firms	1	2
	<u>8</u>	<u>6</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, 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 2023 and 2022.

7 Accounts payable to member firms

	2023 \$m	2022 \$m
Amounts due to member firms	<u>2</u>	<u>3</u>

DGSL CoRe Limited

Notes to the Financial Statements For the Year Ended 31 May 2023 (continued)

7 Accounts payable to member firms (continued)

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.

8 Deferred revenue from member firms

The amount consists of current deferred revenue balances from member firms of \$5 million and \$3 million in fiscal years 2023 and 2022, respectively. The Company recognised \$3 million of revenue in fiscal year 2023 from fiscal year 2022 deferred revenues.

9 Accrued and other liabilities

	2023 \$m	2022 \$m
Accrued and other liabilities	1	-

Accrued and other liabilities consist of amounts owed to third parties for costs and expenses incurred by the Company. These amounts will be paid from existing cash and future cash collections.

10 Other commitments and contingencies

The member firms are subject to claims arising from professional services performed. The Company and the 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 the member firms. No judgement has ever been entered holding the Company liable, and the Company vigorously defends itself against all potential claims.

11 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 2023 and 2022.

12 Auditor's remuneration

Net result includes the auditor's remuneration of \$33 thousand in fiscal year 2023 and \$26 thousand in fiscal year 2022.