

Deloitte European Support Services Limited

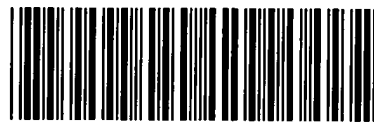
Report and Financial Statements

Period ended

31 December 2019

Company Number 10444675
(Registered in England and Wales)

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Deloitte European Support Services Limited

Report and financial statements for the year ended 31 December 2019

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Directors

Bunting, Glyn
De Boer, Manon Jacqueline
Krohn, Marcus
Mariuk, Adam Marcin
Melady, Christina Badum
Sperre, Stig Arild
Verberckt, Geert

Registered office

Hill House, 1 Little New Street, London, EC4A 3TR

Company number

10444675 (registered in England and Wales)

Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

Deloitte European Support Services Limited

Strategic report for the year ended 31 December 2019

The Directors present their Strategic report and Directors' report, together with the audited financial statements for the year ended 31 December 2019.

Principal activities and future developments

Deloitte European Support Services Limited ('The Company') is a strategic initiative of several investing Deloitte member firms to deliver tax support services to its Deloitte user member firms.

During 2019, the company repurposed to provide additional tax and legal support services beyond the scope previously provided in order to meet growing demand for such services among user member firms. The company has benefitted from strong demand for its services by Deloitte user member firms and the Board is committed to continued successful growth.

On 31 January 2020 the United Kingdom (UK) left the European Union (EU). Under the terms of the Withdrawal Agreement, the UK and the EU are now in a transition period until 31 December 2020, while the future relationship is negotiated. During the transition period the current rules on trade, travel and business of the UK and EU continue to apply.

The Company's board has focused on meeting future regulatory requirements, the recruitment and movement of people, and the transfer and processing of personal data. The Company expects to be able to continue to meet its service obligations and does not anticipate resourcing or other constraints to affect materially the delivery of services.

The longer term political and economic effects of leaving the EU remain unclear at the date of these financial statements. The Company's Directors are monitoring the developments in relation to the ongoing negotiations between the EU and the UK, and will continue to evaluate the impact of Brexit on the Company's business, both in terms of its own activities and those of its clients. The Directors do not expect that Brexit will have a material impact on its business.

Results and dividends

The consolidated income statement is set out on page 8 and shows profit after tax for the period, which amounted to **EUR 570,915** (2018: profit after tax of EUR 295,929).

The Directors do not recommend the payment of a dividend.

Financial risk management objectives and policies

Deloitte European Support Services Limited is exposed to a very limited number of financial risks including credit risk and cash flow risk.

Cash flow

The Company's cash flow derives from revenues from the delivery of services to Deloitte user member firms. Cash outflows are aligned to demand for the company's services in a prudent manner. The Company conducts its business primarily in Euros. Accordingly it has limited foreign currency exchange risks. The Company incurs certain expenses in US dollars on one supplier contract and uses exchange forward contracts to hedge the majority of this exposure.

Deloitte European Support Services Limited
Strategic report (continued)
for the year ended 31 December 2019

Credit risk

The Company's principal financial assets are cash and debtors from Deloitte user member firms. The Company has no significant concentration of credit risk. The Company adopts procedures to ensure timely collection of outstanding receivables and monitors receivables on a continuous basis.

Liquidity risk

The Company relies on capital contributions from its investing members, along with a loan from Deloitte UK to address liquidity risks as mentioned in the cash flow section above. No other third party financings are necessary.

Key Performance indicators

The key financial performance indicator is service fee revenue which has increased by 54% comparing to 2018

The headcount of the Bucharest-based team increased significantly in 2019 reaching and surpassing the original business case level, with year-end headcount rising from 117 to 205 and average employee levels to 164 (2018: 84).

Billable utilisation of the service rendering staff remains showing that the centre is reaching the maturity level desired and utilisation levels continue to rise in 2020.

Cash and cash equivalents in the group increased to EUR 4,211,000 (2018: EUR 2,482,883). This is a result of strong process of cash collection, and also a loan received from Deloitte UK to finance the return of capital contribution which occurred in 2020.

Tight control of billing and collections saw total debtor days, based on total trade debtors and accrued income as a function of revenue in the year, decrease from 148 days to 136 days. As the Centre reaches full operating scale, the Board aims to reduce this figure to approximately 100 days.

Subsequent events

COVID-19

In December 2019, a novel strain of coronavirus ('COVID-19') surfaced in Wuhan, China. In January 2020, the World Health Organization declared COVID-19 to constitute a Public Health Emergency of International Concern and, on 11 March 2020, subsequently declared the outbreak as a pandemic.

This outbreak disrupted many business sectors across the globe, including the UK economy. Globally a number of countries, including the UK, have been placed in lock down and local Governments implemented social distancing and isolation practices.

The Board anticipates there could be some disruption to the Group and Company due to the impact of COVID-19. However, as the potential impact on global supply chains from the coronavirus is difficult to predict, the extent to which the coronavirus may negatively affect the Company's trading performance is difficult to assess and the Board continues to monitor the impact of the pandemic on the Company's business closely.

Deloitte European Support Services Limited

Strategic report (continued)
for the year ended 31 December 2019

Each year the Directors are required in signing of the financial statements, to assess the appropriateness of the going concern basis of preparation. The Company does not operate on a day to day basis as a standalone entity and its ongoing existence as a going concern is integrally linked to the performance of the shareholder group to which it belongs, headed by Deloitte LLP. As such the going concern assessment has been undertaken at the shareholder level.

In undertaking this assessment, performed for a period of at least 12 months from the date of approval of these financial statements, due consideration is given to the shareholder group's historical and current trading together with forward looking projections, and the shareholder group's financing facilities. Cash flow forecasts and scenario modelling have been undertaken to stress test the assumptions made in the forecast, including the impact of COVID-19. The results of the testing have indicated that the shareholder group and the Company can withstand a prolonged period of reduced trading and still have headroom on available facilities.

On the basis of the above, the Directors have continued to prepare the accounts on the going concern basis.

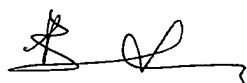
Future developments

There are no events since the balance sheet date which would require disclosure in these financial statements.

As noted above, the Directors do not expect COVID-19 to have a significant adverse impact on the level of trading activity during 2020

Approval

This strategic report was approved on behalf of the Board on 16 December 2020



Glyn Bunting
Director
16 December 2020

Deloitte European Support Services Limited

Directors' report for the year ended 31 December 2019

Directors

The Directors of the company during the period and to the date of this report were:

Bunting, Glyn
De Boer, Manon Jacqueline
Krohn, Marcus
Mariuk, Adam Marcin
Melady, Christina Badum
Sperre, Stig Arild
Verberckt, Geert

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

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

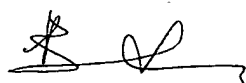
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are 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.

Auditor

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

Approved and signed on behalf of the board



Glyn Bunting
Director
16 December 2020

Deloitte European Support Services Limited

Independent auditor's report for the year ended 31 December 2019

Opinion

We have audited the financial statements of Deloitte European Support Services Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements 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 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Group or Parent 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.

Deloitte European Support Services Limited

Independent auditor's report (continued) for the year ended 31 December 2019

Other information

The Directors are responsible for the other information. The other information comprises the information included in the 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 has 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

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

Deloitte European Support Services Limited

Independent auditor's report (*continued*) for the year ended 31 December 2019

Responsibilities of Directors

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

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

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



Andrew Radford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
[Insert Date]

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

Deloitte European Support Services Limited

Consolidated income statement for the year ended 31 December 2019

	Note	2019 EUR	2018 EUR
Turnover	3	15,499,275	10,076,699
Operating expenses		(14,719,259)	(9,717,224)
Operating profit	5	780,016	359,475
Interest payable		(24,169)	(5,650)
Operating profit before taxation		755,847	353,825
Taxation	6	(184,932)	(57,896)
Profit for the financial year		570,915	295,929

All amounts relate to continuing activities.

The notes on pages 15 to 26 form part of these financial statements.

Deloitte European Support Services Limited

Consolidated statement of comprehensive income for the year ended 31 December 2019

	2019 EUR	2018 EUR
Profit for the financial year	570,915	295,929
Currency translation differences	(12,499)	(6,708)
	<hr/>	<hr/>
Other comprehensive loss for the year	(12,499)	(6,708)
	<hr/>	<hr/>
Total comprehensive profit for the year	558,416	289,221
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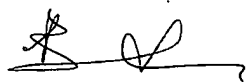
The notes on pages 15 to 26 form part of these financial statements.

Deloitte European Support Services Limited

Consolidated statement of financial position at 31 December 2019

Company number 10444675	Note	2019 EUR	2019 EUR	2018 EUR	2018 EUR
Fixed assets					
Tangible assets	8		410,040		435,834
			<u>410,040</u>		<u>435,834</u>
Current assets					
Debtors	9	5,861,815		4,083,137	
Cash at bank and in hand		4,211,000		2,482,883	
		<u>10,072,815</u>		<u>6,566,020</u>	
Creditors: amounts falling due within one year	10	(5,506,796)		(4,384,211)	
		<u></u>		<u></u>	
Net current assets			<u>4,566,019</u>		<u>2,181,809</u>
Total assets less current liabilities			<u>4,976,059</u>		<u>2,617,643</u>
Creditors: amounts falling due after more than one year	11		(1,800,000)		-
			<u></u>		<u></u>
Net assets			<u>3,176,059</u>		<u>2,617,643</u>
Capital and reserves					
Share capital	12		100		100
Share premium	12		399,900		399,900
Capital contribution reserve			1,806,076		1,806,076
Profit and loss account			969,983		411,567
			<u></u>		<u></u>
Shareholders' funds			<u>3,176,059</u>		<u>2,617,643</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 December 2020



Glyn Bunting
Director
16 December 2020

The notes on pages 15 to 26 form part of these financial statements.

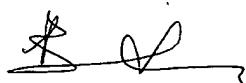
Deloitte European Support Services Limited

Company statement of financial position at 31 December 2019

Company number 10444675	Note	2019 EUR	2019 EUR	2018 EUR	2018 EUR
Fixed assets					
Tangible assets			-		32,377
Investments	8		437,497		437,497
			<u>437,497</u>		<u>469,874</u>
Current assets					
Debtors	9	5,782,468		4,258,195	
Cash at bank and in hand		3,822,184		1,996,413	
		<u>9,604,652</u>		<u>6,254,608</u>	
Creditors: amounts falling due within one year	10	<u>(5,420,575)</u>		<u>(4,240,217)</u>	
Net current assets			<u>4,184,077</u>		<u>2,014,391</u>
Total assets less current liabilities			<u>4,621,574</u>		<u>2,484,265</u>
Creditors: amounts falling due after more than one year			<u>(1,800,000)</u>		<u>-</u>
Net assets			<u>2,821,574</u>		<u>2,484,265</u>
Capital and reserves					
Share capital	12		100		100
Share premium			399,900		399,900
Capital contribution reserve			1,806,076		1,806,076
Profit and loss account			615,498		278,189
Shareholders' funds			<u>2,821,574</u>		<u>2,484,265</u>

The profit in the individual company's income statement for the period was **EUR 337,309** (2018: EUR 171,569).

The financial statements were approved by the Board of Directors and authorised for issue on 16 December 2020



Glyn Bunting
Director
Date

The notes on pages 15 to 26 form part of these financial statements.

Deloitte European Support Services Limited

Consolidated statement of changes in equity for the year ended 31 December 2019

	Share capital EUR	Share premium EUR	Capital contribution reserve EUR	Profit and loss account EUR	Total EUR
Balance at 31 December 2018	100	399,900	1,806,076	411,567	2,617,643
Comprehensive income for the year					
Profit for the year	-	-	-	570,915	570,915
Currency translation losses	-	-	-	(12,499)	(12,499)
Other comprehensive loss for the period	-	-	-	(12,499)	(12,499)
Total comprehensive income for the period	-	-	-	558,416	558,416
Contributions by and distributions to owners					
Capital contribution	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-
Balance at 31 December 2019	100	399,900	1,806,076	969,983	3,176,059

The notes on pages 15 to 26 form part of these financial statements

Deloitte European Support Services Limited

Company statement of changes in equity for the year ended 31 December 2019

	Share capital EUR	Share premium EUR	Capital contribution reserve EUR	Profit and loss account EUR	Total EUR
Balance at 31 December 2018	100	399,900	1,806,076	278,189	2,484,265
Comprehensive income for the period					
Profit for the period	-	-	-	337,309	337,309
Currency translation differences	-	-	-	-	-
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	337,309	337,309
Contributions by and distributions to owners					
Capital contribution	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-
Balance at 31 December 2019	100	399,900	1,806,076	615,498	2,821,574

The notes on pages 15 to 26 form part of these financial statements.

Deloitte European Support Services Limited

Statement of consolidated cash flow for the year ended 31 December 2019

	2019 EUR	2018 EUR
Cash flows from operating activities		
Profit for the financial year	570,915	295,929
Adjustments for:		
Depreciation and amortisation	118,367	88,877
Taxation expense	184,932	57,896
Increase in trade and other debtors	(1,861,720)	(698,466)
Increase in trade and other creditors	1,122,585	1,535,365
Foreign exchange	12,499	6,708
Net interest payable	24,169	5,650
Cash from operations	171,747	1,291,959
Interest paid	(24,169)	(5,650)
Tax paid	(116,206)	(71,362)
Net cash generated from operating activities	31,372	1,214,947
Cash flows from investing activities		
Purchases of tangible fixed assets	(103,205)	(409,938)
Interest received	-	-
Net cash used in investing activities	(103,205)	(409,938)
Cash flows from financing activities		
Increase of loans	1,800,000	-
Share capital contributions	-	206,890
Net cash from financing activities	1,800,000	206,890
Net increase in cash and cash equivalents	1,728,167	1,011,899
Cash and cash equivalents at beginning of year	2,482,833	1,470,934
Cash and cash equivalents at end of year	4,211,000	2,482,833
Cash and cash equivalents comprise:		
Cash at bank and in hand	4,211,000	2,482,833

The notes on pages 15 to 26 form part of these financial statements.

Deloitte European Support Services Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies

Deloitte European Support Services Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the Directors' report.

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 ('FRS 102') and with the Companies Act.

The financial statements have been prepared on the historical cost basis.

Disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the shareholder group as a whole.

Basis of consolidation

The consolidated financial statements present the results of Deloitte European Support Services Limited and its subsidiary, Deloitte GES Support Services SRL, as if they formed a single entity.

Deloitte European Support Services Limited has controlled the subsidiary since its inception on the basis that it has full financial control over the operational activities of the subsidiary. The assets, liabilities, income and expenditure of the subsidiary are thus consolidated into the financial statements of Deloitte European Support Services Limited.

Intercompany transactions and balances between group companies are therefore eliminated in full.

Turnover

Turnover in the accounts represents revenue earned on the basis of underlying agreements between the group and its external clients, net of sales taxes and discounts. Where the right to revenue is earned but has not yet been billed, an adjustment is made for the value of these services as accrued income in the balance sheet.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Straight-line depreciation is used to gradually reduce the carrying amount of a fixed asset over its standard useful life.

Deloitte European Support Services Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment. Impairment indicators are reviewed by management when evidence arises to suggest that the investment in the subsidiary may be impaired.

Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'), which for these financial statements is considered to be the euro (EUR). The consolidated financial statements are also presented in EUR, which is the Company's functional and the group's presentation currency.

Foreign currency transactions are translated into the group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Translation of foreign operations

On consolidation, the results of overseas operations are translated into EUR at an average rate for the period being consolidated, which management believe to be a materially suitable approximation to the rates prevailing at the dates of the individual income statement transactions. All monetary assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Historical transactions such as the issue of share capital, are translated and remain at the rate prevailing at the date of that transaction.

Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognized in other comprehensive income.

Financial assets

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

Financial liabilities and equity

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

Holiday pay accrual

A liability is recognized to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

Deloitte European Support Services Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

Going concern

In December 2019, a novel strain of coronavirus ('COVID-19') surfaced in Wuhan, China. In January 2020, the World Health Organization declared COVID-19 to constitute a Public Health Emergency of International Concern and, on 11 March 2020, subsequently declared the outbreak as a pandemic.

This outbreak disrupted many business sectors across the globe, including the UK economy. Globally a number of countries, including the UK, have been placed in lock down and local Governments implemented social distancing and isolation practices.

The Board anticipates there could be some disruption to the Group and Company due to the impact of COVID-19. However, as the potential impact on global supply chains from the coronavirus is difficult to predict, the extent to which the coronavirus may negatively affect the Group's trading performance is difficult to assess and the Board continues to monitor the impact of the pandemic on the Company's business closely.

Each year the Directors are required in signing of the financial statements, to assess the appropriateness of the going concern basis of preparation. The Company does not operate on a day to day basis as a standalone entity and its ongoing existence as a going concern is integrally linked to the performance of the shareholder group to which it belongs, headed by Deloitte LLP. As such the going concern assessment has been undertaken at the shareholder group level.

In undertaking this assessment, performed for a period of at least 12 months from the date of approval of these financial statements, due consideration is given to the group's historical and current trading together with forward looking projections, and the group's financing facilities. A group cash flow forecast is prepared and scenario modelling has been undertaken to stress test the assumptions made in the forecast, including the impact of COVID-19. The results of the testing have indicated that the group can withstand a prolonged period of reduced trading and still have significant headroom on its available facilities.

On the basis of the above, the Directors have continued to prepare the accounts on the going concern basis.

Deloitte European Support Services Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

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

In the application of the group's and company's accounting policies, which are described above, the Directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the period that may not be readily apparent from other sources. The estimates and associated assumptions are based group management experience in similar practices and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the opinion of management, there are no critical judgments that would be expected to impact materially on these financial statements.

Estimation of accrued costs for future bonuses

The estimation of accrued costs for future bonuses is subject to inherent uncertainty and is based upon management's calculation of the expected final outturn of the bonus payment when this is settled.

The settlement of the liability is on a different basis to that of the financial year end and as such, movements in employee numbers, changes to performance and other factors can affect the valuation of the accrued cost.

Estimation of recoverability of accrued revenue

The accrued revenue in the financial statements is estimated based on management's best estimate of the amount that is likely to be recovered on those engagements being worked. The accrued revenue is on a time and materials basis and could be subject to material estimation uncertainty in the event that there is a dispute over the value of any of this time.

3 Turnover

Revenue from the rendering of services is recognised by reference to the amount of work completed at agreed rates with the client, and accrued to the extent this has not already been billed.

4 Directors and employees

	Group 2019 EUR	Company 2019 EUR	Group 2018 EUR	Company 2018 EUR
Staff costs during the year were as follows:				
Wages and salaries	2,466,348	-	1,317,114	-
Social security	85,757	-	33,562	-
Pension costs	3,348	-	-	-
	<u>2,555,453</u>	<u>-</u>	<u>1,350,676</u>	<u>-</u>

Deloitte European Support Services Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

4 Directors and employees (continued)

The average number of employees during the year was:	Group 2019 Number	Company 2019 Number	Group 2018 Number	Company 2018 Number
Rendering services	161	-	83	-
Administrative staff	3	-	1	-
	164		84	

The Directors of Deloitte European Support Services Limited are remunerated by their respective Deloitte Touche Tohmatsu Limited member firms and accordingly no disclosure of their remuneration is made in these financial statements.

5 Operating profit

	2019 EUR	2018 EUR
This is arrived at after charging/(crediting):		
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	19,983	14,150
Fees payable to the company's auditor and its associates for other services to the group:		
The audit of the company's subsidiaries pursuant to legislation	4,483	4,500
Exchange (gain)	(333,321)	(19,880)
Depreciation on owned assets	118,367	88,855
Rental costs under operating leases	276,142	200,664

6 Taxation

	2019 EUR	2018 EUR
<i>UK corporation tax</i>		
Current tax on profits of the period	118,112	20,468
<i>Foreign tax</i>		
Current tax on foreign income for the period	66,820	37,428
Total current tax	184,932	57,896
Taxation on profit on ordinary activities	184,932	57,896

Deloitte European Support Services Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

6 Taxation (continued)

The tax assessed for the period is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2019 EUR	2018 EUR
Profit / (loss) on ordinary activities before tax	755,847	353,825
Profit / (loss) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018: 19%)	143,611	67,227
Effects of:		
Overseas tax rate difference	7,196	-
Non-deductible expenditure	34,125	11,573
Total tax charge for period	184,932	57,896

7 Tangible fixed assets

Group	Leasehold improvements EUR	Computer, teleco equipment and software EUR	Furniture and fittings EUR	Total EUR
Cost or valuation				
At 31 December 2018	161,028	163,738	228,934	553,700
Additions		103,205		103,205
Exchange difference	(4,252)	(1,970)	(6,045)	(12,266)
At 31 December 2019	156,776	264,973	222,889	644,639
Depreciation				
At 31 December 2018	12,907	88,068	16,891	117,866
Exchange difference	(341)	(847)	(446)	(1,634)
Charge for the year	23,579	70,151	24,637	118,367
At 31 December 2019	36,145	157,372	41,082	234,599
Net book value				
At 31 December 2019	120,631	107,601	181,807	410,040
At 31 December 2018	148,121	75,670	212,043	435,834

Deloitte European Support Services Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

7 Tangible fixed assets (continued)

Company

	Computer equipment and software EUR	Total EUR
Cost or valuation		
At 31 December 2018	88,302	88,302
At 31 December 2019	88,302	88,302
Depreciation		
At 31 December 2018	55,925	55,925
Charge for the period	32,377	32,377
At 31 December 2019	88,302	88,302
Net book value		
At 31 December 2019	-	-
At 31 December 2018	32,377	32,377

8 Fixed asset investments

Company

	Total EUR
Cost	
At 31 December 2018	437,497
Additions	-
At 31 December 2019	437,497

Subsidiary undertakings

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Deloitte GES Support Services SRL	Romania	100%	Outsourcing of expatriate tax services

Deloitte GES Support Services SRL's registered office is at 4-8 Nicolae Titulescu Street, 6th Floor, Room 4, District 1, Bucharest, Romania.

Deloitte European Support Services Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

9 Debtors

	Group 2019 EUR	Company 2019 EUR	Group 2018 EUR	Company 2018 EUR
Trade debtors	2,838,083	2,797,360	2,847,407	2,841,375
Accrued income	2,843,511	2,843,511	825,003	825,003
Prepayments	47,941	9,317	26,217	8,763
Other debtors	50,112	50,112	50,112	50,112
Social security	-	-	205,586	-
Amounts due from subsidiary undertakings	-	-	-	404,130
Financial asset at fair value	82,168	82,168	128,812	128,812
	<u>5,861,815</u>	<u>5,782,468</u>	<u>4,083,137</u>	<u>4,258,195</u>

10 Creditors: amounts falling due within one year

	Group 2019 EUR	Company 2019 EUR	Group 2018 EUR	Company 2018 EUR
Trade creditors	1,608,714	1,546,167	1,097,560	1,071,679
Accruals and deferred income	3,668,194	2,351,650	2,910,738	2,322,618
Social security and other taxes	82,858	261,627	325,672	263,418
Amounts due to subsidiary undertakings	-	1,162,631	-	559,502
Corporation tax	147,030	98,500	50,241	23,000
	<u>5,506,796</u>	<u>5,420,575</u>	<u>4,384,211</u>	<u>4,240,217</u>

11 Creditors: amounts falling due after more than one year

	Group 2019 EUR	Company 2019 EUR	Group 2018 EUR	Company 2018 EUR
Loans	1,800,000	1,800,000	-	-
	<u>1,800,000</u>	<u>1,800,000</u>	<u>-</u>	<u>-</u>
Maturity of debt				
In one year or less	-	-	-	-
In more than one year but not more than two years	-	-	-	-
In more than two years but not more than five years	1,800,000	1,800,000	-	-
	<u>1,800,000</u>	<u>1,800,000</u>	<u>-</u>	<u>-</u>

Deloitte European Support Services Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

The company entered into a loan for EUR 1,800,000 in the period ended 31.12.2019 with Deloitte MCS Limited. The loan repayment date is 31.05.2024. Interest is payable at the rate of 2% above the euro reference rate prevailing on the specified date for the relevant interest period. The interest period is defined as three months and the rate resets on each interest settlement date.

12 Share capital

Group and company	2019 EUR	2018 EUR
<i>Allotted, called up and fully paid</i>	100	100

During the period ended 31 December 2017, 100 shares of par value EUR 1.00 each were issued at a price of EUR 4,000 each. No further shares were issued in the year ended 31 December 2018. No further shares have been issued in the year ended 31 December 2019.

13 Financial Instruments

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

	Group 2019 EUR	Group 2018 EUR
Financial assets		
Financial assets that are debt instruments measured at amortised cost	9,942,706	6,205,405
Financial assets held at fair value through profit and loss	82,168	128,812
	<hr/>	<hr/>
Financial liabilities		
Financial liabilities measured at amortised cost	7,076,908	4,008,298
	<hr/>	<hr/>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, accrued income, provision for specific bad debts and other debtors.

Financial assets held at fair value through profit and loss include forward exchange rate contracts. These are not designated hedges in accordance with section 12 of FRS 102.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and long term debts.

Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' report.

Deloitte European Support Services Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

14 Operating lease commitments

As at the year-end the Group was committed to the following operating lease payments on non-cancellable operating lease arrangements:

	Group 2019 EUR	Group 2018 EUR
Payments for land and buildings due within:		
Less than one year	633,340	205,664
More than one year but less than five years	2,618,097	802,656
More than five years	170,431	234,108
	3,421,868	1,237,428

15 Contingencies and commitments

During the year, the Company committed to forward exchange rate contracts to hedge its exposure to invoices payable to a supplier in US dollars (\$). By committing to buy \$ in a fixed forward rate, the Company will minimise the impact of currency losses incurred on its functional currency of EUR.

As of 31 December 2019, the unutilised value of these contracts was \$4,760,000 covering seven contracts that e crystallised over the period of 21 January 2020 to 08 June 2020.

The mark to market valuation of these contracts at 31 December 2019 has been measured to be a gain of €82,168. A financial asset in respect of these has been recognised in the financial statements (see note 13). The gain on the contracts experienced as at 31 December 2019 has been recognised within net foreign losses within administrative expenses (see note 5).

Deloitte European Support Services Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

16 Related party transactions

The company is owned by a number of entities within the Deloitte Touche Tohmatsu ('DTTL') network, having been established for the purposes of supporting them with outsourced expatriate tax services.

The management of the entity is such that decisions are jointly controlled by all of the investing parties and therefore all are considered to be related parties to the business.

The related parties during the year and transactions with such parties are given along with a summary of the transactions undertaken with each party in the year as follows (note all transactions are recorded net of VAT and that there were no write offs or provisions for write off recorded in the year).

	2019 Revenue charged to the related party by the company	2019 Trade debtors outstanding from related party	2019 Revenue to be billed to related party post-year end	2019 Services procured from the related party	2019 Balance due to the related party
	EUR	EUR	EUR	EUR	EUR
Deloitte Central Europe Limited	-	-	-	236,288	89,222
Deloitte LLP	5,166,906	1,619,229	1,693,191	375,506	19,796
Deloitte Belastingadvise urs B.V.	1,726,357	168,583	299,713	-	-
Deloitte Belgium CVBA	742,363	88,641	165,738	-	-
Deloitte Nordic Holdings APS	353,547	133,943	111,083	-	-
Deloitte GMBH Wirtschaftspru fungsgesellschaft	2,117,836	-	359,867	-	-

Deloitte European Support Services Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

16 Related party transactions (continued)

	2018 Revenue charged to the related party by the company	2018 Trade debtors outstanding from related party	2018 Revenue to be billed to related party post-year end	2018 Services procured from the related party	2018 Balance due to the related party
	EUR	EUR	EUR	EUR	EUR
Deloitte Central Europe Limited	-	-	-	131,517	9,004
Deloitte LLP	5,201,113	1,600,507	481,694	342,488	18,500
Deloitte Belastingadvise urs B.V.	1,534,104	195,824	94,596	-	-
Deloitte Belgium CVBA	756,678	141,481	46,162	-	-
Deloitte Nordic Holdings APS	74,693	17,764	8,868	-	-
Deloitte GMBH Wirtschaftspru fungsgesellschaft	1,566,328	303,634	118,161	-	-

Key management personnel of the firm are remunerated by other entities within the DTTL network.

17 Controlling and ultimate controlling party

In the opinion of management there is no ultimate or controlling party to the company.

18 Post Balance Sheet events

In December 2019, a novel strain of coronavirus ('COVID-19') surfaced in Wuhan, China. In January 2020, the World Health Organization declared COVID-19 to constitute a Public Health Emergency of International Concern and, on 11 March 2020, subsequently declared the outbreak as a pandemic.

This outbreak disrupted many business sectors across the globe, including the UK economy. Globally a number of countries, including the UK, have been placed in lock down and local Governments implemented social distancing and isolation practices.

Deloitte European Support Services Limited

**Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)**

The Board anticipates there could be some disruption to the Group and Company due to the impact of COVID-19. However, as the potential impact on global supply chains from the coronavirus is difficult to predict, the extent to which the coronavirus may negatively affect the Company's trading performance is difficult to assess and the Board continues to monitor the impact of the pandemic on the Company's business closely.