

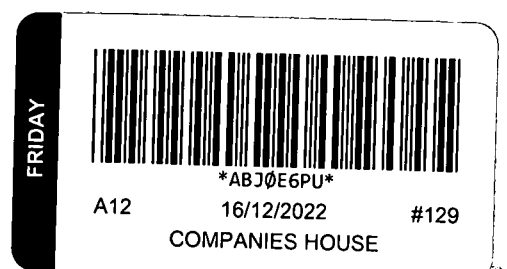
Deloitte European Support Services Limited

Report and Financial Statements

Period ended

31 December 2021

Company Number 10444675
(Registered in England and Wales)



Deloitte European Support Services Limited

Report and financial statements for the year ended 31 December 2021

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Directors

Glyn Bunting
Klaus Schreiber

Registered office

1 New Street Square, London, United Kingdom, EC4A 3HQ

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 2021

The directors present their Strategic report and Directors' report, together with the audited financial statements for the year ended 31 December 2021.

Review of the Business

The Group is a strategic initiative of several investing Deloitte member firms to deliver tax and legal support services to its Deloitte user member firms.

The fiscal year ending 31 December 2021 saw a steady recovery from the impact of the Covid-19 pandemic. As the Covid-19 pandemic eased, the uncertainty it had created was replaced with uncertainty arising out of the invasion of Ukraine. The Group has no direct operations in Russia or Ukraine and has limited other exposure to the region and as such there are no other effects on the financial reporting and control environment that could be material to the Company or to the Group.

Increased demand arose during the year from existing and new Deloitte user member firms across all of the Group's service offerings, leading to a satisfactory outcome for the year. The Directors continue to work with the leadership of Deloitte user member firms to encourage the use of the Group's near-shore delivery model and therefore expect continued growth of the Group. The Directors are not aware, at the date of this report, of any likely major changes in the Group's activities in the next year.

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

Key performance indicators

The headcount of the Group increased in 2021 with year-end headcount rising from 210 to 233, and average employee levels to 246 (2020: 201). Headcount growth was fuelled by increasing demand for the new services launched in 2021.

Billable utilisation increased in 2021 as management carefully managed headcount to meet demand levels. Overall billable hours increased in challenging market conditions as more work was transitioned to Centre based work.

Cash balances remained stable (2021: EUR 5,532,583 - 2020: EUR 3,706,885) despite investment in new services. This was driven largely by careful receivables management and billing.

Days in receivables reduced quite significantly to a level of 84 (2020: 94) due to careful billing and receivables management. Management strives to maintain or even improve this further in 2022.

Deloitte European Support Services Limited

Strategic report (*continued*) for the year ended 31 December 2021

Future developments

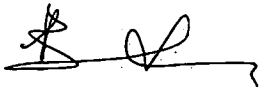
In 2020, the Covid-19 global pandemic severely impacted the countries in which the Group and its customers operate, but the position eased significantly during 2021 and the Group expects any remaining Covid-19 restrictions to have no material future impact. The Directors are confident that the Group has robust technology and procedures allowing all staff to work virtually and is therefore confident that its business model would be resilient to any further pandemic challenges.

The Group performed well during the year ended 31 December 2021 and the Directors expect that the Group will continue to perform satisfactorily in 2022.

The Group is exempt from the Climate Related Financial disclosure and Section 172 statement.

Approval

This strategic report was approved on behalf of the Board on 15 December 2022



Glyn Bunting
Director
Date 15 December 2022

Deloitte European Support Services Limited

Directors' report for the year ended 31 December 2021

Directors

The directors of the Company during the period and to the date of this report were:

Glyn Bunting
Klaus Schreiber

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 Group'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.

Results and dividends

The consolidated income statement is set out on page 9 and shows profit after tax for the period, which amounted to EUR 1,413,737 (2020: EUR 1,469,954).

The directors do not recommend the payment of a dividend.

Deloitte European Support Services Limited

Directors' report (*continued*) for the year ended 31 December 2021

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

Credit risk

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

Liquidity risk

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

Going concern

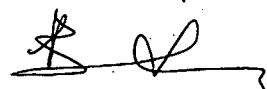
In 2020, the Covid-19 global pandemic severely impacted the countries in which the Group and its customers operate, but the position eased significantly during 2021 and the Group expects any remaining Covid-19 restrictions to have no material future impact. The Directors are confident that the Group has robust technology and procedures allowing all staff to work virtually and is therefore confident that its business model would be resilient to any further pandemic challenges.

Each year the Directors are required in signing of the financial statements, to assess the appropriateness of the going concern basis of preparation.

In undertaking this assessment, performed to December 2023 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. The results of the testing have indicated that the Group can withstand a prolonged period of reduced trading and still have headroom on its available overdraft facilities.

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

Approved and signed on behalf of the board



Glyn Bunting

Director

Date 15 December 2022

Deloitte European Support Services Limited

Independent auditor's report for the year ended 31 December 2021

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 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.

We have audited the financial statements of Deloitte European Support Services Limited (the 'Parent Company') and its subsidiary (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Statement of consolidated cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

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

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

Deloitte European Support Services Limited

Independent auditor's report (*continued*) for the year ended 31 December 2021

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and 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 Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the 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 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.

Deloitte European Support Services Limited

Independent auditor's report (*continued*) for the year ended 31 December 2021

Auditor's responsibilities for the audit of the financial statements

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

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

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

- The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to Deloitte European Support Services Limited. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (FRS 102 and the Companies Act 2006), labour and tax regulations in jurisdictions in which the Group operates.
- We considered provisions of other laws and regulations that do not have direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate. These include compliance with VAT regulations, Money Laundering Regulations 2007 and Proceeds of Crime Act, and the Data Protection Act.
- We understood how the Group is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there was a susceptibility of fraud. We also considered potential fraud drivers: including financial or other pressures, opportunity, and personal or corporate motivations. We considered the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.
- Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and journals impacting revenue and cash and key areas of estimation uncertainty or judgement, for example; recoverability of accrued income.

Deloitte European Support Services Limited

Independent auditor's report (*continued*) for the year ended 31 December 2021


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

DocuSigned by:


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Lucie Kingdom (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street
London
W1U 7EU

Date 15 December 2022

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 2021

	Note	2021 EUR	2020 EUR
Turnover	3	19,699,976	17,603,873
Operating expenses		(17,925,068)	(16,151,535)
Other operating income		361	363,998
Operating profit	5	1,775,269	1,816,336
Interest payable		(43,070)	(44,338)
Operating profit before taxation		1,732,199	1,771,998
Taxation	6	(318,462)	(302,044)
Profit for the financial year		1,413,737	1,469,954

All amounts relate to continuing activities.

The notes on pages 16 to 27 form part of these financial statements.

Deloitte European Support Services Limited

Consolidated statement of comprehensive income for the year ended 31 December 2021

	2021 EUR	2020 EUR
Profit for the financial year	1,413,737	1,469,954
Currency translation differences	(24,143)	(13,532)
Other comprehensive loss for the year	(24,143)	(13,532)
Total comprehensive income for the year	1,389,594	1,456,422

The notes on pages 16 to 27 form part of these financial statements.

Deloitte European Support Services Limited

Consolidated statement of financial position at 31 December 2021

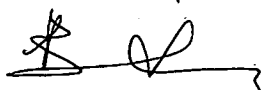
Company number 10444675	Note	2021 EUR	2021 EUR	2020 EUR	2020 EUR
Fixed assets					
Tangible assets	7		963,263		1,142,693
			<u>963,263</u>		<u>1,142,693</u>
Current assets					
Debtors	9	5,784,690		4,647,205	
Cash at bank and in hand		5,532,583		3,706,885	
		<u>11,317,273</u>		<u>8,354,090</u>	
Creditors: amounts falling due within one year	10	(6,264,537)		(4,870,378)	
		<u></u>		<u></u>	
Net current assets			<u>5,052,736</u>		<u>3,483,712</u>
Total assets less current liabilities			<u>6,015,999</u>		<u>4,626,405</u>
Creditors: amounts falling due after more than one year	11		(1,800,000)		(1,800,000)
			<u></u>		<u></u>
Net assets			<u>4,215,999</u>		<u>2,826,405</u>
Capital and reserves					
Share capital	12		100		100
Share premium			399,900		399,900
Capital contribution reserve			-		-
Profit and loss account			3,815,999		2,426,405
			<u></u>		<u></u>
Shareholders' funds			<u>4,215,999</u>		<u>2,826,405</u>

The financial statements were approved by the Board of Directors and authorised for issue on 15 December 2022

Glyn Bunting

Director

Date 15 December 2022



The notes on pages 16 to 27 form part of these financial statements.

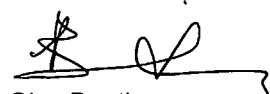
Deloitte European Support Services Limited

Company statement of financial position at 31 December 2021

Company number 10444675	Note	2021 EUR	2021 EUR	2020 EUR	2020 EUR
Fixed assets					
Investments	8		437,497		437,497
			<u>437,497</u>		<u>437,497</u>
Current assets					
Debtors	9	5,219,159		4,442,205	
Cash at bank and in hand		5,241,947		3,673,067	
		<u>10,461,106</u>		<u>8,115,272</u>	
Creditors: amounts falling due within one year	10	(6,219,330)		(4,828,416)	
		<u></u>		<u></u>	
Net current assets			4,241,776		3,286,856
Total assets less current liabilities			4,679,273		3,724,353
Creditors: amounts falling due after more than one year	11		(1,800,000)		(1,800,000)
			<u></u>		<u></u>
Net assets			2,879,273		1,924,353
			<u></u>		<u></u>
Capital and reserves					
Share capital	12		100		100
Share premium			399,900		399,900
Capital contribution reserve			-		-
Profit and loss account			2,479,273		1,524,353
			<u>2,879,273</u>		<u>1,924,353</u>
Shareholders' funds			2,879,273		1,924,353
			<u></u>		<u></u>

The profit in the individual company's income statement for the period was EUR 954,920 (2020: EUR 908,855).

The financial statements were approved by the Board of Directors and authorised for issue on 15 December 2022



Glyn Bunting

Director

Date 15 December 2022

The notes on pages 16 to 27 form part of these financial statements.

Deloitte European Support Services Limited

Consolidated statement of changes in equity for the year ended 31 December 2021

	Share capital EUR	Share premium EUR	Capital contribution reserve EUR	Profit and loss account EUR	Total EUR
Balance at 1 January 2020	100	399,900	1,806,076	969,983	3,176,059
Comprehensive income for the year					
Profit for the year	-	-	-	1,469,954	1,469,954
Currency translation losses	-	-	-	(13,532)	(13,532)
Other comprehensive loss for the period	-	-	-	(13,532)	(13,532)
Total comprehensive income for the period	-	-	-	1,456,422	1,456,422
Distributions to the owners					
Capital distributions to the owners	-	-	(1,806,076)	-	(1,806,076)
Total distributions to owners	-	-	(1,806,076)	-	(1,806,076)
Balance at 31 December 2020	100	399,900	-	2,426,405	2,826,405
Comprehensive income for the year					
Profit for the year	-	-	-	1,413,737	1,413,737
Currency translation losses	-	-	-	(24,143)	(24,143)
Other comprehensive income for the period	-	-	-	(24,143)	(24,143)
Total comprehensive income for the period	-	-	-	1,389,594	1,389,594
Balance at 31 December 2021	100	399,900	-	3,815,999	4,215,999

The notes on pages 16 to 27 form part of these financial statements

Deloitte European Support Services Limited

Company statement of changes in equity for the year ended 31 December 2021

	Share capital EUR	Share premium EUR	Capital contribution reserve EUR	Profit and loss account EUR	Total EUR
Balance at 1 January 2020	100	399,900	1,806,076	615,498	2,821,574
Comprehensive income for the period					
Profit for the period	-	-	-	908,855	908,855
Total comprehensive income for the period	-	-	-	908,855	908,855
Distributions to the owners					
Capital distributions to the owners	-	-	(1,806,076)	-	(1,806,076)
Total distributions to owners	-	-	(1,806,076)	-	(1,806,076)
Balance at 31 December 2020	100	399,900	-	1,524,353	1,924,353
Comprehensive income for the period					
Profit for the period	-	-	-	954,920	954,920
Total comprehensive income for the period	-	-	-	954,920	954,920
Balance at 31 December 2021	100	399,900	-	2,479,273	2,879,273

The notes on pages 16 to 27 form part of these financial statements.

Deloitte European Support Services Limited

Statement of consolidated cash flow for the year ended 31 December 2021

	2021 EUR	2020 EUR
Cash flows from operating activities		
Profit for the financial year	1,413,737	1,469,954
Adjustments for:		
Depreciation and amortisation	228,351	137,389
Loss/profit on disposal of fixed assets	134	(2,038)
Taxation expense	318,462	302,044
(Increase)/decrease in trade and other debtors	(1,137,485)	1,214,610
Increase/(decrease) in trade and other creditors	1,476,868	(752,643)
Foreign exchange	(7,199)	(6,857)
Net interest payable	43,070	44,338
Cash from operations	2,335,938	2,406,797
Interest paid	(43,070)	(44,338)
Tax paid	(401,170)	(185,820)
Net cash generated from operating activities	1,891,698	2,176,639
Cash flows from investing activities		
Purchases of tangible fixed assets	(66,360)	(1,155,635)
Proceeds on disposal of fixed assets	360	280,957
Net cash used in investing activities	(66,000)	(874,678)
Cash flows from financing activities		
Repayment of capital contribution	-	(1,806,076)
Net cash used in financing activities	-	(1,806,076)
Net increase/ (decrease) in cash and cash equivalents	1,825,698	(504,115)
Cash and cash equivalents at beginning of year	3,706,885	4,211,000
Cash and cash equivalents at end of year	5,532,583	3,706,885
Cash and cash equivalents comprise:		
Cash at bank and in hand	5,532,583	3,706,885

The notes on pages 16 to 27 form part of these financial statements.

Deloitte European Support Services Limited

Notes forming part of the financial statements for the year ended 31 December 2021

1 Accounting policies

Deloitte European Support Services Limited is a private company limited by shares, 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.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit of the company for the year was EUR 954,920 (2020: EUR 908,855).

Disclosure exemptions

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

- 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;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- 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 Group as a whole.

Basis of consolidation

The consolidated financial statements present the results of Deloitte European Support Services Limited and its subsidiary, Deloitte 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

Revenue from the rendering of services is recognised by reference to the amount of work completed at agreed rates 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.

Deloitte European Support Services Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

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.

Depreciation rates used have been presented in the table below:

Leasehold improvements	Over the lease term
Computer, telecoms equipment and software	3 years
Furniture and fittings	5 - 10 years

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 recognised 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 recognised 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.

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Notes forming part of the financial statements for the year ended 31 December 2021 (*continued*)

1 Accounting policies (*continued*)

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 amortised cost.

Holiday pay accrual

A liability is recognised 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.

Operating lease

Annual rentals are charged to profit or loss on a straight line basis over the term of the lease.

Current taxation

Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company's subsidiaries operate and generate taxable income.

Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares.
- Capital contribution reserve represents additional contributions from shareholders.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Going concern

The Covid-19 outbreak disrupted many business sectors across the globe, including the UK and Romania economy. Globally a number of countries, were placed in lock down and local Governments implemented social distancing and isolation practices.

Despite such disruption, the Group was able to maintain utilisation levels by careful management of headcount, resulting in the underlying business performance remaining strong and is expected to keep its growth rate across the full calendar year.

Each year the Directors are required in signing of the financial statements, to assess the appropriateness of the going concern basis of preparation. In undertaking this assessment, performed to December 2023, 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 headroom on its available overdraft facilities.

Deloitte European Support Services Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

2 Judgements 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 judgements, 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 on 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 bonuses

The estimation of accrued costs for 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 2021 EUR	Company 2021 EUR	Group 2020 EUR	Company 2020 EUR
Staff costs during the year were as follows:				
Wages and salaries	4,306,022	-	3,590,988	-
Social security	165,220	-	221,506	-
Pension costs	5,932	-	5,871	-
	4,477,174	-	3,818,365	-

A defined contribution pension scheme is operated by the Group on behalf of the employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund and amounted to EUR 5,932 (2020 – EUR 5,871). No contributions were unpaid at year end.

Deloitte European Support Services Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

4 Directors and employees (continued)

The average number of employees during the year (excluding directors) was:	Group 2021 Number	Company 2021 Number	Group 2020 Number	Company 2020 Number
Rendering services	195	-	197	-
Administrative staff	51	-	4	-
	246	-	201	-

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

	2021 EUR	2020 EUR
This is arrived at after charging/(crediting):		
Loss/profit on disposal of fixed assets	134	(2,038)
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	23,500	23,100
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	9,004	7,007
Exchange (gain)/ loss	(76,895)	268,300
Depreciation of owned assets	228,351	137,389
Rental costs under operating leases	656,656	649,330

6 Taxation

	2021 EUR	2020 EUR
<i>UK corporation tax</i>		
Current tax on profits of the period	243,994	203,050
<i>Foreign tax</i>		
Current tax on foreign income for the period	74,468	98,994
Total current tax	318,462	302,044
Taxation on profit on ordinary activities	318,462	302,044

Deloitte European Support Services Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (*continued*)

6 Taxation (*continued*)

The tax assessed for the period is higher (2020: lower) than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2021 EUR	2020 EUR
Profit on ordinary activities before tax	<u>1,732,199</u>	<u>1,771,998</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	329,118	336,680
Effects of:		
Overseas tax rate difference	(255,468)	(37,033)
Non-deductible expenditure	<u>244,813</u>	<u>2,399</u>
Total tax charge for period	<u>318,462</u>	<u>302,046</u>

In the UK, the Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing difference reserve.

Deloitte European Support Services Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

7 Tangible fixed assets

Group	Leasehold improvements EUR	Computer, telecoms equipment and software EUR	Furniture and fittings EUR	Total EUR
Cost or valuation				
At 31 December 2020	593,385	282,969	536,904	1,413,258
Additions	53,907	12,277	176	66,360
Disposals	-	(9,767)	-	(9,767)
Exchange difference	(9,438)	(8,656)	(8,540)	(26,634)
At 31 December 2021	637,854	276,823	528,540	1,443,217
Depreciation				
At 31 December 2020	38,093	208,513	23,959	270,565
Exchange difference	(605)	(8,704)	(380)	(9,689)
Disposals	-	(9,273)	-	(9,273)
Charge for the year	126,147	44,456	57,748	228,351
At 31 December 2021	163,635	234,992	81,327	479,954
Net book value				
At 31 December 2020	555,292	74,456	512,945	1,142,693
At 31 December 2021	474,219	41,831	447,213	963,263

8 Fixed asset investments

Company

EUR

Cost

At 31 December 2020 and at 31
December 2021

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 Support Services SRL	Romania	100%	Outsourcing of tax support services

Deloitte Support Services SRL's registered office is at 46D-46E-48 Sos. Pipera Street, Oregon Park, Building C, 2nd and 4th floor, 2nd District, Bucharest, Romania, ZIP Code 020112.

Deloitte European Support Services Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

9 Debtors

	Group 2021 EUR	Company 2021 EUR	Group 2020 EUR	Company 2020 EUR
Trade debtors	4,524,210	4,407,947	3,777,971	3,685,764
Accrued income	758,782	758,782	156,441	156,441
Prepayments	208,433	-	18,088	-
Recoverable VAT	240,835	-	692,514	-
Financial asset at fair value	52,430	52,430	2,191	-
Amounts due from subsidiary undertakings	-	-	-	600,000
	<u>5,784,690</u>	<u>5,219,159</u>	<u>4,647,205</u>	<u>4,442,205</u>

No impairment loss was recognised in respect of bad and doubtful trade debtors in either period.

10 Creditors: amounts falling due within one year

	Group 2021 EUR	Company 2021 EUR	Group 2020 EUR	Company 2020 EUR
Trade creditors	2,333,996	1,955,686	1,762,464	1,511,990
Accruals and deferred income	3,304,808	2,620,797	2,386,775	1,846,735
Social security and other taxes	445,187	284,651	457,884	321,567
Amounts due to subsidiary undertaking	-	1,220,230	-	938,568
Corporation tax	180,546	137,966	263,255	209,556
	<u>6,264,537</u>	<u>6,219,330</u>	<u>4,870,378</u>	<u>4,828,416</u>

Deloitte European Support Services Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

11 Creditors: amounts falling due after more than one year

	Group 2021 EUR	Company 2021 EUR	Group 2020 EUR	Company 2020 EUR
Loans	1,800,000	1,800,000	1,800,000	1,800,000
	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
Maturity of debt				
In more than two years but not more than five years	1,800,000	1,800,000	1,800,000	1,800,000
	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>

The Company entered into a loan for EUR 1,800,000 in the period ended 31 December 2019 with Deloitte MCS Limited, a subsidiary of Deloitte LLP in the UK. The loan repayment date is 31 May 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	2021 EUR	2020 EUR
Allotted, called up and fully paid 100 ordinary shares of EUR 1,00 each.	100	100
	<u>100</u>	<u>100</u>

During the year ended 31 December 2020, the additional capital of EUR 1,806,076, contributed by member firms in previous years, was fully repaid.

Deloitte European Support Services Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

13 Financial Instruments

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

	Group 2021 EUR	Group 2020 EUR
Financial assets		
Financial assets that are debt instruments measured at amortised cost	10,815,575	7,641,297
Financial assets held at fair value through profit and loss	52,430	-
Financial liabilities		
Financial liabilities measured at amortised cost	6,562,963	5,737,241
Financial liability held at fair value through profit and loss	-	211,998

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 includes a forward contract at 31 December 2021.

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.

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. The commitments are those of the subsidiary and therefore no equivalent figures have been presented for the Parent Company:

	Group 2021 EUR	Group 2020 EUR
Payments for land and buildings due within:		
Less than one year	653,880	653,880
More than one year but less than five years	1,767,326	2,403,680
More than five years	-	17,527
	2,421,206	3,075,087

Deloitte European Support Services Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

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 US dollars in a fixed forward rate, the Company will minimise the impact of currency losses incurred on its functional currency of Euros.

As at 31 December 2021, the unutilised value of these contracts was USD 2,202,491 covering 6 contracts that will be crystallised over the period from 21 January 2022 to 10 June 2022.

The mark to market valuation of these contracts at 31 December 2021 has been measured to be a profit of EUR 52,430. A financial asset in respect of these contracts has been recognised in the financial statements (see note 13). The gain on the contracts experienced as at 31 December 2021 has been recognised within exchange (gain)/ loss within administrative expenses (see note 5).

16 Related party transactions

The Company is owned by a number of entities within the Deloitte Touche Tohmatsu Limited ('DTTL') network, having been established for the purposes of supporting them with outsourced tax support 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 those parties are set out below, along with a summary of the transactions undertaken with each party in the year. All transactions are recorded net of VAT and that there were no write offs or provisions for write off recorded in the year.

	2021 Revenue charged to the related party by the Company EUR	2021 Trade debtors outstanding from related party EUR	2021 Revenue to be billed to related party post-year end EUR	2021 Services procured from the related party EUR	2021 Balance due to the related party EUR
Deloitte Central Europe Limited	121,399	50,450	34,429	156,570	41,057
Deloitte LLP	7,622,325	2,307,981	159,581	413,993	89,146
Deloitte Belastingadviseurs B.V.	2,218,549	352,005	48,626	-	-
Deloitte Belastingconsulent en	818,612	145,759	31,640	-	-
Deloitte Nordic Holdings APS	491,014	65,650	3,452	-	-
Deloitte GMBH Wirtschaftsprüfungs gesellschaft	1,978,726	157,173	82,209	55,000	-

Deloitte European Support Services Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

16 Related party transactions (continued)

	2020 Revenue charged to the related party by the Company	2020 Trade debtors outstanding from related party	2020 Revenue to be billed to related party post-year end	2020 Services procured from the related party	2020 Balance due to the related party
	EUR	EUR	EUR	EUR	EUR
Deloitte Central Europe Limited	70,778	70,778	40,451	160,567	42,061
Deloitte LLP	7,971,111	1,703,627	125,372	495,445	164,780
Deloitte Belastingadvise urs B.V.	1,829,185	217,102	11,343	-	-
Deloitte Belgium CVBA	787,306	78,284	3,314	-	-
Deloitte Nordic Holdings APS	333,014	71,150	20,255	-	-
Deloitte GMBH Wirtschaftsprüfu ngsgesellschaft	1,941,147	167,056	17,994	110,500	20,000

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 of the Company.

18 Net debt reconciliation

	Balance at 1 January 2021 EUR	Cash-flows EUR	Other non cash changes EUR	Balance at 31 December 2021 EUR
Cash at bank and in hand	3,706,885	1,825,698	-	5,532,583
Other loans	(1,800,000)	-	-	(1,800,000)
Net surplus	<u>1,906,885</u>	<u>1,825,698</u>	<u>-</u>	<u>3,732,583</u>