

# **Deloitte Asia Pacific Services Holdings Limited**

(Private Company Limited by Guarantee)

**Strategic Report, Directors' Report, and Consolidated Financial Statements**  
**31 May 2022**

**Company Number 11451350**

WEDNESDAY



\*ABJS7X1V\*

A09

28/12/2022

#35

COMPANIES HOUSE

# **DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED**

## **TABLE OF CONTENTS**

---

	<b>Page</b>
STRATEGIC REPORT	1
DIRECTORS' REPORT	7
INDEPENDENT AUDITOR'S REPORT	10
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	15
CONSOLIDATED BALANCE SHEET	16
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	17
CONSOLIDATED STATEMENT OF CASH FLOWS	18
COMPANY BALANCE SHEET	19
COMPANY STATEMENT OF CHANGES IN EQUITY	20
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	21

# **DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED**

## **STRATEGIC REPORT**

---

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

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

Deloitte Asia Pacific Services Holdings Limited (“DAPSHL” or the “Company”) was incorporated as a private company limited by guarantee on 5 July 2018 and commenced business on 1 September 2018.

The principal activity of DAPSHL and its subsidiaries, Deloitte Asia Pacific Services Limited (“DAPSL”), Deloitte Asia Pacific Learning Services Limited (“DAPLS”) and Deloitte Asia Pacific Technology Services Pte. Limited (“DAPTS”), together referred to as the “Group”, is to provide services to the members of Deloitte Asia Pacific Limited (“DAPL”) to further the regional alignment, cooperation and consistent strategy execution among the members. DAPL is a member firm of Deloitte Touche Tohmatsu Limited (“DTTL”), along with other international member firms of DTTL.

DAPSL was incorporated as a private company limited by shares in Hong Kong SAR and commenced business on 1 September 2018, and has branches in Singapore and Japan.

DAPLS was incorporated as a private company limited by shares in Hong Kong SAR and commenced business on 3 May 2019. The entity is a majority owned subsidiary with DAPSHL’s ownership interest at 66%.

DAPTS was incorporated as a private company limited by shares in Singapore on 28 May 2021 and commenced business on 1 June 2021.

The Group is not engaged in providing professional services to clients. Each of the members are separate and independent legal entities. The Group and the members have no liability for each other’s acts or omissions.

Service fees are collected by the Group from members to fund the shared costs of initiatives, at a rate or on a basis otherwise determined by the Board of Directors of DAPSHL (the “Board” or “Directors”) each year. For further information regarding the organisation, refer to Note 1 of the notes to the consolidated financial statements.

### **Results**

The key financial performance indicator is service fee revenue, which the Group collects from the members in return for services provided. The Group sets its operating budget each fiscal year, based on expected service fees. The service fees are charged on a percent of revenue basis to the members to fund operations and investments for the year. Operations are generally run on a break-even basis. Spending of the income it collects from its members each year will vary based on operations and investment spend set forth by the Group, which will result in a surplus or deficit position for the fiscal year. The resulting surplus or deficit will be spent on future operations and investments or recouped to reduce the deficit in future years, respectively.

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

---

### Results (continued)

The key financial and other performance indicators during the year were as follows:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Revenues	81,240	59,422

Total revenues for the year ended 31 May 2022 was \$81 million and total expenses were \$74 million resulting in a \$7 million net profit for the year ended 31 May 2022. This compares to total revenues of \$59 million and total expenses of \$69 million, resulting in a \$10 million net loss for the year ended 31 May 2021.

Results for the year ended 31 May 2022 were in line with management's expectations. If actual service fee revenue declines during the year, operations and investment spend could also be reduced to mitigate net loss. Results, including for fiscal year 2022, will therefore vary, sometime materially, from year to year. This is consistent with the expectation that operations generally over the longer term are run on a break-even basis, and any deficits generated in the current year will be recovered in subsequent years. As management and the Directors manage the annual spend based on service fee revenue, they believe this is the most relevant key performance indicator and an appropriate measure for monitoring the operations of the Group.

### Principal Risks and Uncertainties

The Directors review and agree on policies for managing risk as set out in Note 18 of the notes to the consolidated financial statements. The Group provides services to members to further regional alignment, cooperation, and cohesion among the members. Since revenue is generated exclusively from the members of DAPL, risks to DAPL may have an impact on the Group's ability to collect service fees.

DAPL has in place an enterprise risk framework (the "Framework"). The Framework is designed to identify, monitor and respond to priority business risks, which if they materialised, could impact the ability of DAPL and its members to achieve their strategy and objectives, including the protection of reputation and brand, and delivery of consistent, high quality services. The Framework also includes processes to regularly monitor the environment for developments and changes that could impact the risk profile of DAPL and its members and identify and appropriately respond to new and/or emerging risks and trends that could impact the resilience of DAPL and its members to those risks.

The risks the Board and Executive of DAPL consider to have the most significant impact on the members of DAPL if the risks were to materialise include: audit quality & risk management, conduct (including independence breaches), data confidentiality & privacy, cybersecurity, regulatory developments, talent, advisory quality & risk management, geopolitical & economic uncertainty, crisis & brand management, strategic execution and transformation, purpose and climate change. Each of these risk areas is regularly monitored by the senior leadership of DAPL and reported to the Board along with any developments and changes in the overall risk profile. DAPL does not provide professional services to clients; all such services are provided by its members.

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

---

### Climate Related Financial Disclosure

The Group is supportive of the recommendations made by the Task Force on Climate-related Financial Disclosures (“TCFD”). The Group further acknowledges the TCFD’s recommendations that the disclosures be included in annual financial filings and cover governance, strategy, risk management, metrics and targets.

The Group addressed the TCFD’s recommended disclosures in the Environmental section of the Deloitte.com website associated with the 2022 Global Impact Report and the response to the CDP (formerly Carbon Disclosure Project) questionnaire, as well as in the 2022 AP Impact Report, rather than herein. The Group believes doing so better aligns with the intentions of the TCFD recommendations. The disclosures include consideration of climate-related issues relative to the entire network of Deloitte member firms and the Group. The Deloitte.com website is available to a broader readership and is the source stakeholders would most likely look to for the types of disclosures recommended by the TCFD on behalf of the Board.

### Section 172(1) Statement

This statement describes how the members of the Board fulfil their obligations under section 172 of the Companies Act 2006.

Section 172 requires that a director of a company act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors:

- a) the likely consequences of any decision in the long term;
- b) the interests of the company’s employees;
- c) the need to foster the company’s business relationships with suppliers, customers and others;
- d) the impact of the company’s operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly between members of the company.

In discharging their duty under section 172, the Directors have regard to the factors set out above, as well as to other factors which they consider relevant to the decision being made. The Directors acknowledge that stakeholders may have differing views about various decisions taken by the Board, and engage with stakeholders on these matters as discussed in the *Stakeholders* section below.

### *Principal Activity and Key Decisions of the Company*

As described on page 1, the principal activity of the Company is to provide services to its members. The Company does not conduct business other than the provision, directly or indirectly, of internal services and support to the members of DAPL. The Company is not engaged in providing services to clients.

## DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Section 172(1) Statement (continued)

As a captive services provider to its members, Board decisions relate predominantly to the services that it provides and to internal governance matters. Decisions made by the Board during this fiscal year include:

- approval of the Company's annual budget for services;
- approval of member voting entitlements; and
- appointment of Directors and officers or authorized signatories.

These decisions made by the Board are appropriately informed by consideration of the section 172 factors through the mechanisms described below.

#### *Considering the long-term consequences of decision-making*

In setting strategy, and considering risk issues, the Board's decision-making is focused on, among other things, ensuring that the Company's service delivery to its members is sustainable in the long term. The Company provides services for the benefit of its members without the purpose of making a profit, which allows the Board to focus on decision-making for the longer term.

#### *The desirability of the Company maintaining a reputation for high standards of business conduct*

The Board believes that it is essential for the Company to conduct business with a high level of integrity, quality and professionalism and takes all decisions with the aim of maintaining a reputation for high standards of business conduct and advancing the good reputation of Deloitte.

#### *Stakeholders*

This section describes the importance of the Company's key stakeholders and some of the engagement activity that takes place with them.

Stakeholder Group	Why is this stakeholder critical to the Company's business?	What engagement activity takes place with this stakeholder?
Members of the Company	The Company's principal activity is to provide services to its members. The Company's members are therefore its customers. Understanding the needs of the Company's customers in a dynamic and changing marketplace helps it to provide more relevant and effective services.	Engagement with the Company's members primarily occurs through representation on the Board of Directors and through interaction with representatives of the members, who participate in the annual meeting of members. In addition, there is a socialization process that occurs for items prior to Board review, and often includes direct input from the members, which is communicated to the Board.

## DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Section 172(1) Statement (continued)

Professionals	<p>The Company's professionals are key to its success. They are responsible for performing and managing the services that it provides to the Company's members.</p>	<p>We offer a range of communications and development opportunities for our professionals which are designed to encourage maximum engagement. Examples include regular town halls featuring senior leaders; regular engagement surveys; a strong focus on inclusion, flexibility and wellbeing; and additional measures to support and equip our senior leaders. There has been a special focus on these types of items most recently during the COVID-19 pandemic. Where the Board of Directors is not directly involved in these activities, mechanisms are in place to feedback relevant insights to inform Board decision-making.</p> <p>In addition to the efforts highlighted above, we have kept our professionals up to date on matters related to promotion, progression, career development, and crisis support throughout the pandemic.</p>
Suppliers	<p>The services the Company provides to its members depend on goods and services provided to it both by its member firms and from external vendors.</p>	<p>A majority (over 90%) of the Company's expenses comprise of professional time and associated costs provided to the Company by its members. Member firms are represented on the Board of Directors both as members and as suppliers. Consequently, engagement with this class of stakeholders is intrinsic to Board decision making.</p> <p>The Company engages with other vendors (&lt;10% of the Company's expense) to understand their business requirements and points of view as part of the supplier selection process. There are mechanisms in place to feedback relevant insights to inform Board decision-making.</p>
Communities	<p>The Company is committed to addressing some of society's most pressing challenges with the belief that business is at its best when it helps to build a better society. By supporting local communities, the Company is able to bring this belief to life.</p>	<p>The Company's professionals are engaged in a range of societal and charitable activities that seek to enhance the communities in which we live and work, including participation in WorldClass and Impact Every Day campaigns through our members firms with a direct benefit to local communities.</p>

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

---

### Section 172(1) Statement (continued)

#### *Environment*

The Board believes businesses have a critical responsibility to help address the sustainability of our planet. Environmental sustainability is important to the Company and is a component in the Board's decision-making process.

The Group continues to invest in its internal climate and sustainability programme, *WorldClimate* where the Group have committed to reduce our GHG emissions. Deloitte's near-term (2030) greenhouse gas ("GHG") reduction goals have been validated by the Science Based Targets initiative ("SBTi") as 1.5°C-aligned, science-based targets. Deloitte has also committed to set long-term emissions reduction targets using the SBTi's Net Zero Standard. Our near-term goals are to:

- Reduce absolute Scope 1 and 2 GHG emissions 70% by 2030 from a 2019 base year.
- Reduce Scope 3 GHG emissions from business travel 50% per FTE by 2030 from a 2019 base year.
- Engage with our major suppliers with the goal of having 67% (by emissions) set science-based targets by 2025.
- Invest in meaningful market solutions for emissions we cannot eliminate.

The Board is committed to a long-term sustainability journey in which the Company addresses its own environmental impacts.

#### *The need to act fairly as between members*

The Company's purpose is to provide services to its members on fair and similar terms. Addressing the interests of its members and acting fairly as between them is critical to the Company's success.

The Board is diverse and composed in a way so as to provide for representation of the differing viewpoints that its members may have. Each of the Company's Directors, other than the CEO, is a representative of a member, appointed by that member to enable them to bring their unique views to the boardroom for inclusion and discussion. However, each Director acts in the way he or she considers, acting in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole.

Through this governance mechanism, all Directors remain mindful of the need to act fairly as between all the Company's members.

Approved on behalf of the Board



Dennis Chi In Chow  
Director  
Date: 16 December 2022



# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## DIRECTORS' REPORT

---

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

### Directors

The Directors who held office during the year were as follows:

- In Kyoo Baek
- Pui Yuen Cheung
- Dennis Chi In Chow
- Fiona Dawn Craig – appointed 29 June 2021
- Michael Peter Fiore
- Yoriko Goto
- Cynthia Meyer Hook (Chief Executive Officer)
- Tommaso Imbesi
- Cheng-Hung Kuo
- Charles Sai Wo Lip
- Ying Lu
- Hitoshi Matsumoto (Chair)
- Ross John Milne – resigned 1 July 2021
- Themistocles Pippas – appointed 1 July 2021
- Snezana Pelusi
- Junko Watanabe

The Directors who continued in office or were appointed or resigned on or after 1 June 2022 for fiscal year 2023 are as follows:

- In Kyoo Baek
- Kimberly Sue Chang – appointed on 1 June 2022
- Pui Yuen Cheung
- Dennis Chi In Chow (Chair)
- Fiona Dawn Craig
- Michael Peter Fiore
- Kazuhiro Fukushima – appointed on 1 June 2022
- Yoriko Goto – resigned 1 June 2022
- David Mark Hill (Chief Executive Officer) – appointed on 1 June 2022
- Kuo-Tyan Hong – appointed on 1 June 2022
- Cynthia Meyer Hook – resigned 1 June 2022
- Tommaso Imbesi
- Ying Jiang – appointed on 1 June 2022
- Cheng-Hung Kuo – resigned on 1 June 2022
- Minghua Liu – appointed on 1 June 2022
- Charles Sai Wo Lip – resigned 1 June 2022
- Ying Lu – resigned 1 June 2022
- Hitoshi Matsumoto – resigned 1 June 2022
- Haruko Nagayama – appointed on 1 June 2022
- Themistocles Pippas
- Snezana Pelusi – resigned 1 June 2022
- Junko Watanabe

### Directors' Responsibilities

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

Company law requires the Directors and management to prepare financial statements for each financial year. Under that law, the Directors and management have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") in conformity with the requirements of the Companies Act 2006 and applicable law and the Company financial statements in accordance with IFRS recognition and measurement with reduced disclosures (Financial Reporting Standard ("FRS") 101, *Reduced Disclosure Framework*) and applicable law. Under company law, the Directors and management must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year.

# **DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

---

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs in conformity with the requirements of the Companies Act 2006 and applicable law (IFRS recognition and measurement with reduced disclosures (FRS 101, *Reduced Disclosure Framework*) in the case of the Company), subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors and management are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors and management are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors and management have taken all steps necessary to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Environmental Disclosure**

The Group's overall energy usage considered under an operational consolidation approach is less than 40 Megawatt hours ("MWh") per year. Because of this, the Group qualifies as a low energy user and is not required to report carbon and energy use.

### **Financial Instruments**

The Directors are responsible for approving policies in relation to the Group's financial instruments, of which details can be found in Note 18 of the notes to the consolidated financial statements.

### **Business Relationships**

Details of how the Directors have had regard to the need to foster the Group's business with suppliers, customers and other stakeholders can be found in the Section 172(1) statement in the strategic report.

# **DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

---

### **Future Developments**

The Directors do not anticipate changes to the nature of the business that would materially impact the Group's operations. The annual service fees forecast for fiscal year 2023 and the ability to implement certain cost containment initiatives will allow the Group to have sufficient working capital to meet its financial obligations for at least the next twelve months. The Group therefore continues to adopt the going concern basis of accounting in preparing the financial statements.

### **Political contributions**

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

### **Auditors**

BDO LLP has expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual meeting.

By order of the Board



Dennis Chi In Chow  
Director  
Date: 16 December 2022

## DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

#### 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 May 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company 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 Asia Pacific Services Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 May 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

#### Basis for opinion

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

#### *Independence*

We are independent of the 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.

## **DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED**

---

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED (CONTINUED)**

#### **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 or 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.

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

#### **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.

## **DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED**

---

### **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED (CONTINUED)**

#### **Other Companies Act 2006 reporting (continued)**

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

In preparing the financial statements, the Directors are responsible for assessing the 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.

## DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED (CONTINUED)

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to Deloitte Asia Pacific Services Holdings 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 (IFRS, FRS 101 and the Companies Act 2006).
- We understood how the Group and company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. Our review of board minutes and legal expenses accounts were performed to ensure no other material legal matters were detected through our audit procedures.
- We assessed the susceptibility of the Group and company'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 Group and 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 higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and key areas of estimation uncertainty or judgement. These include the recoverability of receivables.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED (CONTINUED)

#### 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:

*Nick Carter-Pegg*

B74585C2373744A...  
Nicholas Carter-Pegg (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

16 December 2022

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



# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 MAY 2022 COMPANY NUMBER 11451350

		<u>2022</u> \$'000	<u>2021</u> \$'000
	Notes		
<b>REVENUES AND OTHER INCOME</b>			
Service fees and subsidies	2	80,696	58,273
Other fees	2	474	1,048
Other income	3	70	101
<b>Total revenues and other income</b>		<b>81,240</b>	<b>59,422</b>
<b>EXPENSES</b>			
Service fees to members	4	50,990	48,000
Operating and other costs	4	22,931	20,769
Income taxes	7	255	353
<b>Total expenses</b>	4	<b>74,176</b>	<b>69,122</b>
<b>NET INCOME (LOSS) AND TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>7,064</b>	<b>(9,700)</b>
Total comprehensive income (loss) attributable to:			
Members of the Company		7,062	(9,707)
Non-controlling interests		2	7
		<b>7,064</b>	<b>(9,700)</b>

The Group has no income or losses other than the results for the relevant years as set out above.

The notes on pages 21 to 36 form an integral part of these financial statements.

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## CONSOLIDATED BALANCE SHEET AT 31 MAY 2022 COMPANY NUMBER 11451350

		<u>2022</u> \$'000	<u>2021</u> \$'000
<b>ASSETS</b>	Notes		
<b>NON-CURRENT ASSET</b>			
Intangible assets	8	2,284	-
<b>Total non-current asset</b>		<b>2,284</b>	
<b>CURRENT ASSETS</b>			
Cash and equivalents	16	12,134	7,405
Trade receivables from members	9	13,191	6,282
Trade receivables	9	285	-
Prepaid expenses and other receivables	10	984	2,008
<b>Total current assets</b>		<b>26,594</b>	<b>15,695</b>
<b>TOTAL ASSETS</b>		<b>28,878</b>	<b>15,695</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables to members	12	1,924	898
Accrued liabilities to members	12	13,339	9,469
Trade payables	12	1,360	-
Accrued and other liabilities	13	7,858	9,347
Contract liabilities	14	1,530	-
Income taxes payable		341	519
<b>Total current liabilities</b>		<b>26,352</b>	<b>20,233</b>
<b>TOTAL LIABILITIES</b>		<b>26,352</b>	<b>20,233</b>
<b>EQUITY</b>			
Equity attributable to members of the Company		2,514	(4,548)
Non-controlling interests		12	10
<b>Total equity</b>		<b>2,526</b>	<b>(4,538)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>28,878</b>	<b>15,695</b>

The notes on pages 21 to 36 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 16 December 2022.

Signed on behalf of the Board of Directors



Dennis Chi In Chow  
Director  
Date: 16 December 2022

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 MAY 2022 COMPANY NUMBER 11451350

	Retained profits/ (Accumulated losses) \$'000	Non- controlling interests \$'000	Total \$'000
BALANCE – at 1 June 2020	5,159	-	5,159
Non-controlling interest in subsidiary where control was obtained during the year	-	3	3
Net (loss) income for the year	(9,707)	7	(9,700)
<b>BALANCE – at 31 May 2021</b>	<b>(4,548)</b>	<b>10</b>	<b>(4,538)</b>
Net income for the year	7,062	2	7,064
<b>BALANCE – at 31 May 2022</b>	<b>2,514</b>	<b>12</b>	<b>2,526</b>

The notes on pages 21 to 36 form an integral part of these financial statements.

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED 31 MAY 2022 COMPANY NUMBER 11451350

	Note	<u>2022</u> \$'000	<u>2021</u> \$'000
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>			
Net income (loss)		7,064	(9,700)
Adjustment for:			
Gain on bargain purchase arising from the acquisition of subsidiary	15	-	(3)
Amortisation on intangible assets		93	-
Bank interest income		-	(36)
Income tax expense		255	353
<b>Operating profit (loss) before working capital changes</b>		<b>7,412</b>	<b>(9,386)</b>
Changes in assets and liabilities:			
Trade receivables from members		(6,909)	516
Trade receivables		(285)	-
Prepaid expenses and other receivables		1,024	(1,473)
Trade payables and accrued liabilities to members		4,896	3,349
Trade payables		1,033	-
Accrued and other liabilities		(1,489)	5,338
Contract liabilities		1,530	-
Income tax paid		(433)	(110)
<b>Cash flows from (used in) operating activities</b>		<b>6,779</b>	<b>(1,766)</b>
<b>CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES</b>			
Net cash inflow from acquisition of a subsidiary	15	-	19
Acquisition of intangible assets		(2,050)	-
Interest received		-	36
<b>Cash (used in) flows from investing activities</b>		<b>(2,050)</b>	<b>55</b>
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>		<b>4,729</b>	<b>(1,711)</b>
<b>CASH AND EQUIVALENTS – Beginning of year</b>		<b>7,405</b>	<b>9,116</b>
<b>CASH AND EQUIVALENTS – End of year</b>		<b>12,134</b>	<b>7,405</b>

The notes on pages 21 to 36 form an integral part of these financial statements.

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## COMPANY BALANCE SHEET AT 31 MAY 2022 COMPANY NUMBER 11451350

	<u>2022</u> \$'000	<u>2021</u> \$'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Investment in a subsidiary	6	6
<b>Total non-current assets</b>	<b>6</b>	<b>6</b>
<b>CURRENT ASSETS</b>		
Cash and equivalents	8,013	6,111
Trade receivables from members	8,479	6,060
Accrued revenue from members	4,448	-
Prepaid expenses and other receivables	-	1,226
<b>Total current assets</b>	<b>20,940</b>	<b>13,397</b>
<b>TOTAL ASSETS</b>	<b>20,946</b>	<b>13,403</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Due to subsidiary	20,212	19,522
Accrued and other liabilities	65	68
Income tax payable	9	9
<b>Total current liabilities</b>	<b>20,286</b>	<b>19,599</b>
<b>TOTAL LIABILITIES</b>	<b>20,286</b>	<b>19,599</b>
<b>EQUITY</b>	<b>660</b>	<b>(6,196)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>20,946</b>	<b>13,403</b>

The notes on pages 21 to 36 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 16 December 2022.

Signed on behalf of the Board of Directors



Dennis Chi In Chow  
Director

Date: 16 December 2022

## DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

### COMPANY STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 MAY 2022 COMPANY NUMBER 11451350

---

	Note	<u>Total</u> \$'000
BALANCE – at 1 June 2020		4,076
Net loss for the year	19	(10,272)
BALANCE – at 31 May 2021		(6,196)
Net income for the year	19	6,856
BALANCE – at 31 May 2022		660

The notes on pages 21 to 36 form an integral part of these financial statements.

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

---

### 1. ORGANIZATION

The consolidated financial statements include the financial statements of Deloitte Asia Pacific Services Holdings Limited (“DAPSHL” or the “Company”) and its subsidiaries, Deloitte Asia Pacific Services Limited (“DAPSL”), Deloitte Asia Pacific Learning Services Limited (“DAPLS”) and Deloitte Asia Pacific Technology Services Pte. Limited (“DAPTS”), together referred to as the “Group”. DAPSHL is a private company limited by guarantee incorporated in England and Wales, DAPSL and DAPLS are private companies limited by shares incorporated in Hong Kong SAR and DAPTS is a private company limited by shares incorporated in Singapore.

The principal activity of DAPSHL and its subsidiaries is to provide services to the members of Deloitte Asia Pacific Limited (“DAPL”) to further the regional alignment, cooperation and consistent strategy execution among the members. DAPL is a member firm of Deloitte Touche Tohmatsu Limited (“DTTL”), along with other international member firms of DTTL.

DAPL is a private company limited by guarantee and is incorporated in England and Wales. It is the public facing entity, and it has no revenues, expenses or headcount.

The Company’s registered office address is at Hill House, 1 Little New Street, London EC4A 3TR.

DAPSL’s and DAPLS’s registered address is 35<sup>th</sup> Floor, One Pacific Place, 88 Queensway, Admiralty, Hong Kong.

DAPTS’s registered address is 6 Shenton Way, #33-00, OUE Downtown, Singapore.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** — The Group financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) in conformity with the requirements of the Companies Act 2006 and applicable law. The functional currency of all entities included in the Group financial statements is the US dollar. The financial statements are prepared and presented in US dollars.

The Company financial statements have been prepared in accordance with FRS 101, *Reduced Disclosure Framework*, and applicable law. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to the years presented, unless otherwise stated. The Company’s functional currency is the US dollar and the financial statements are prepared and presented in US dollars.

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

---

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

#### Disclosure exemptions adopted

In preparing these financial statements, the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- a Company statement of cash flows;
- certain comparative information for the Company as otherwise required by IFRS;
- the effect of future accounting standards not yet adopted by the Company; and
- disclosure of related party transactions of the Company with other wholly and majority members of the DAPSHL Group.

**Basis of consolidation** — The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) up until 31 May each year.

Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.



# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

---

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

**Basis of consolidation (continued)** — Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

---

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

**Business combinations** — Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

---

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

**Business combinations (continued)** — When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

**Transactions with Members** — The principal activity of the Group is to provide services to the members of DAPL to further the regional alignment, cooperation and consistent strategy execution among the members. A vast majority of revenue is generated from the members. Each of the members are separate and independent legal entities, and the Company and the Group and the members have no liability for each other's acts or omissions. The management and corresponding control of the Group is independent from that of the members. As a result, no individual member exercises control over the Group.

**Going Concern** — At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next twelve months. The strategic report discusses the Group's results and key performance indicators used as the basis for this conclusion. Revenue is generated from the members based on services agreements, with annual service fees approved by the Board each fiscal year. Management intends to fund operating costs and investments over the next twelve months with cash on hand and service fees due from the members. As a result of the annual service fees and planned operating costs, the Group will have sufficient working capital to meet its financial obligations for at least the next twelve months, and the Group continues to adopt the going concern basis of accounting in preparing the financial statements.

**Changes in Accounting Policies** — For the year ended 31 May 2021 the Group has applied the *Interest Rate Benchmark Reform* Amendments to IFRS 9, IAS 39 and IFRS 7, the *Amendments to References to the Conceptual Framework in IFRS Standards*, and Amendments to IAS1 and IAS 8 *Definitions of Material*. For the year ended 31 May 2022 the Group has applied the Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*, Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 *Annual Improvements to IFRS Standards 2018-2020*, and Amendments to IFRS 3 *References to Conceptual Framework*. The application of these did not have a material impact on the Group's financial statements. Further details are provided in the accounting policies below.

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

---

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

**Use of Estimates** — The preparation of financial statements requires the Board and management to make estimates and assumptions that affect the reported amounts and disclosures. These estimates and assumptions relate to the collectability of trade receivables (see Note 9) and accruals. The Board has assessed key areas of judgement and estimates in the financial statements. In their view, there are no financial statement areas where there is a significant risk of a material adjustment arising within the next 12 months. Provisions and accruals represent the best estimates of the expenditure required to settle the corresponding present obligation at the balance sheet date. Actual results could differ from the estimates used.

**Foreign Currency Transactions** — The primary currency in which the Group generates its net cash flows is the US dollar. Transactions denominated in currencies other than the US dollar are translated into US dollars at the exchange rate in operation when the transaction occurred. At the balance sheet date, monetary assets and liabilities denominated in currencies other than the US dollar are translated at the closing rate. All exchange gains or losses are recognized in the consolidated statement of comprehensive income as they arise.

**Service Fees and Subsidies** — The Group provides a range of services for which it bills members and records revenue. These services further the regional alignment, cooperation and consistent strategy execution among the members and they support the initiatives approved by the DAPL Board of Directors. The rate at which the Group charges fees to members is determined by the Board at the beginning of the fiscal year, and the members simultaneously receive and use the benefit of the services as the services are provided throughout the year. The transaction price is fixed and recognized over the fiscal year. In addition to service fees from members, the Group received subsidies from Deloitte Global Services Holdings Limited (“DGSHL”) during the fiscal year to fund operational changes.

**Other Fees** — Certain other direct costs incurred by the Group are billed to members and other recipients of these services. Such direct costs mainly include meetings and training. These costs are billed based on agreed participation. The performance obligation for meeting services is the delivery of the meetings. The charges to the participants are calculated based on the overall meeting costs such as venue cost, accommodations, logistics, and other direct costs that are associated with the event or program. The transaction price for meetings is fixed and allocated to the performance obligation at the time of the meetings.

**Government Subsidies** — Government grants are not recognized until there is a reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

---

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

**Grants** — Grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as accrued and other liabilities in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

**Income Taxes** — DAPSL is subject to Hong Kong profits tax and Singapore and Japan corporate income taxes, DAPLS is subject to Hong Kong profits tax and DAPTS is subject to Singapore corporate income tax.

The Company qualifies for the Mutual Trade exemption for the purposes of taxation and therefore the income and profit earned from its Mutual Trade activities is not subject to UK corporate income tax, other than on interest earned on bank accounts held in the UK.

No deferred tax has been provided in the consolidated financial statements as there are no material temporary differences.

**Intangible assets** — Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from the products developed. The amortisation expense is included within the operating and other costs in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

**Cash and Equivalents** — Cash and equivalents are comprised of balances with banks.

**Trade Receivables and Other Assets** — Trade receivables and other receivables are carried at amortized cost, which approximates fair value.

**Trade Payables, Accrued and Other Liabilities** — Trade payables and accrued and other liabilities are carried at amortized cost, which approximates fair value.

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

---

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

**Contract Liabilities** – Contract liabilities represents consideration received from members, which the Group's obligation to provision of service has not yet completed. Contract liabilities will be realised to revenue during the financial period in proportion to the services provided.

**Impairment of financial assets** - The Group's Trade Receivables are primarily comprised of service and other fees charged to members and others. The Group has applied the IFRS 9, Financial Instruments, simplified approach to measuring expected credit loss ("ECL") using a lifetime expected loss provision for accounts receivable from members. To measure expected losses, the collectability of each receivable is assessed individually. The ECL is based on the Group's understanding of its debtors' ability to meet their commitments to the Group, adjusted (if considered necessary) for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the report date, including the time value of money, where appropriate.

#### *Write off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### 3. OTHER INCOME

The other income in the consolidated statement of comprehensive income consist of the following:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Government subsidies	70	98
Gain on bargain purchase arising from the acquisition of subsidiary, previously held as an associate	-	3
<b>Total other income</b>	<b>70</b>	<b>101</b>

During the current year, government subsidies related to wage subsidies in Hong Kong and supports to expand local hiring by Singapore amounted to US\$70,000 (2021: US\$98,000), was included in other income.

## DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

#### 4. EXPENSES

The expenses in the consolidated statement of comprehensive income consist of the following:

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Service fees paid to members	50,990	48,000
Service fees paid to others	1,886	-
Amortisation	93	-
Staff costs:		
- Compensation	17,506	18,753
- Employee costs	293	332
	<hr/> 17,799	<hr/> 19,085
Travel, meetings and other associated costs	948	1,279
Professional services	129	147
Other costs	2,076	258
Income taxes	255	353
<b>Total expenses</b>	<b>74,176</b>	<b>69,122</b>

#### 5. STAFF COSTS

**Employees** — Staff costs consist of:

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Wages and salaries	17,368	18,708
Pension costs	138	45
Medical & life insurance premiums	94	76
Other staff costs	199	256
<b>Total</b>	<b>17,799</b>	<b>19,085</b>

Pension costs refer to monthly pension contributions paid by DAPSL for its employees pursuant to the terms of a defined contribution scheme.

The average number of people employed by DAPSL during 2022 and 2021 was 25 and 27, respectively. The Company did not have any employees in neither 2021 nor 2022.

**Directors and Key Management Personnel** — Amounts paid to key management personnel of the Group, directly or via third parties, totaled \$27 million in fiscal year 2022 (2021: \$32 million). Amounts paid in respect of directors' services were \$2,724 thousand in fiscal year 2022 (2021: \$1,834 thousand), including an amount payable by the Group to the highest paid director of \$2,076 thousand in fiscal year 2022 (2021: \$1,300 thousand).

## DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

#### 6. AUDITOR'S REMUNERATION

The net income for the the year ended includes the auditor's remuneration of \$148 thousand (net loss for the year ended 2021 includes the auditor's remuneration of \$124 thousand) (Company: \$66 thousand for the year ended 31 May 2022 and \$68 thousand for the year ended 31 May 2021).

#### 7. INCOME TAXES

	<u>2022</u> \$'000	<u>2021</u> \$'000
Current income taxes for the year	343	325
(Over) underprovision in respect of prior year	(88)	28
<b>Total income taxes</b>	<b>255</b>	<b>353</b>

Current taxes are payable to Hong Kong, Singapore and Japan tax authorities related to DAPSL.

The Company qualifies for the Mutual Trade exemption for the purposes of taxation and therefore the income and profit earned from its Mutual Trade activities is not subject to UK corporate income tax, other than on interest earned on bank accounts held in the UK.

Income tax expense for the year can be reconciled to the profit (loss) before income taxes per the statement of comprehensive income as follows:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Profit (loss) for the year	7,064	(9,700)
Income tax expenses	255	353
Profit (loss) before income taxes	<u>7,319</u>	<u>(9,347)</u>
Taxes on profit (loss) before income taxes, calculated at the rates applicable to profits in the tax jurisdictions concerned	382	348
Tax effect of non-taxable income	(21)	(7)
Deferred tax (income) expense relating to the origination and reversal of temporary differences	16	-
Tax effect of non-deductible expense	-	19
Tax effect on tax exemption	(34)	(35)
(Over) underprovision in respect of prior year	(88)	28
<b>Income taxes</b>	<b><u>255</u></b>	<b><u>353</u></b>

No deferred tax has been provided in the financial statements as there are no material temporary differences.



# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

### 8. INTANGIBLE ASSETS

	Development costs	Intangible assets under development	Total
	\$'000	\$'000	\$'000
<b>Cost:</b>			
At 31 May 2021	-	-	-
Addition	1,966	411	2,377
At 31 May 2022	1,966	411	2,377
<b>Amortisation:</b>			
At 31 May 2021	-	-	-
Amortisation	(93)	-	(93)
At 31 May 2022	(93)	-	(93)
<b>Carrying amount:</b>			
At 31 May 2022	1,873	411	2,284
At 31 May 2021	-	-	-

The amortisation period for development costs incurred on the group's business is the shorter period of the right to use or ten years.

The amortisation expense has been included in the line item 'Operating and other costs' in profit or loss.

### 9. TRADE RECEIVABLES FROM MEMBERS AND OTHERS

	2022	2021
	\$'000	\$'000
Receivables from service and other fees		
- Receivable from members	8,743	6,282
- Accrued revenue from members	4,448	-
- Receivable from other international member firms of DTTL	285	-

The Group's Trade Receivables and Accrued Revenue from Members and Others are primarily comprised of service and other fees charged to members and others. The Group has applied the IFRS 9, *Financial Instruments*, simplified approach to measuring expected credit loss ("ECL") using a lifetime expected loss provision for accounts receivable from members. To measure expected losses, the collectability of each receivable is assessed individually. The ECL is based on the Group's understanding of its debtors' ability to meet their commitments to the Group, adjusted (if considered necessary) for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the report date, including the time value of money, where appropriate.

## DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

---

#### 10. PREPAID EXPENSES AND OTHER RECEIVABLES

These amounts are comprised of the following:

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Other receivables	747	1,889
Prepaid expenses	237	119
<b>Total</b>	<b>984</b>	<b>2,008</b>

Other receivables are primarily comprised of subsidies owing from DGSHL or its subsidiaries.

Consistent with the approach applied by the Group to accounts receivable, the Group has applied the IFRS 9 simplified approach to measuring ECL using a lifetime expected loss provision for other receivables.

#### 11. INVESTMENTS

Investments in subsidiaries are as follows:

<u>Place of incorporation and company name</u>	<u>Registered address</u>	<u>Percentage owned</u>	
		<u>2022</u>	<u>2021</u>
<i>Hong Kong SAR</i>			
Deloitte Asia Pacific Services Limited	35 <sup>th</sup> Floor, One Pacific Place, 88 Queensway, Admiralty, Hong Kong	100.00%	100.00%
Deloitte Asia Pacific Learning Services Limited	35 <sup>th</sup> Floor, One Pacific Place, 88 Queensway, Admiralty, Hong Kong	66.66%	66.66%
<i>Singapore</i>			
Deloitte Asia Pacific Technologies Services Pte. Limited	6 Shenton Way, #33-00, OUE Downtown, Singapore	100.00%	100.00%

## DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

---

#### 11. INVESTMENTS (CONTINUED)

The principal activity of DAPSL is to provide services to DAPSHL or, on the direction of DAPSHL, to further the regional alignment, cooperation and consistent strategy execution among the members.

The principal activity of DAPLS, incorporated on 3 May 2019, is to facilitate the provision of learning services to certain Deloitte entities within the Asia Pacific region. During the year ended 2021, the interest held by the Company in DAPLS increased from 33.33% to 66.66% after the Company acquired one additional share in DAPLS for HK\$ 1 (equivalent to approximately US\$ 0.13).

The principal activity of DAPTS, incorporated on 28 May 2021, is to facilitate shared technology infrastructure investments and running costs.

#### 12. TRADE PAYABLES AND ACCRUED LIABILITIES TO MEMBERS AND OTHERS

	<u>2022</u> \$'000	<u>2021</u> \$'000
Trade payables to members	1,924	898
Accrued liabilities to members	13,339	9,469
Trade payables to others	1,360	-

The amount consists of current account balances due to members and others.

#### 13. ACCRUED AND OTHER LIABILITIES

	<u>2022</u> \$'000	<u>2021</u> \$'000
Accrued and other liabilities	4,703	9,347
Goods and Services Tax ("GST") payables	16	-
Advances received from DTTL	3,139	-
<b>Total</b>	<b>7,858</b>	<b>9,347</b>

Accrued and other liabilities primarily represent amounts owed to third parties for costs, advances and expenses incurred for work performed for the Group, but not yet paid. These amounts will be paid from existing cash.

## DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

---

#### 14. CONTRACT LIABILITIES

A disaggregation of the Group's deferred revenue, at the end of the financial period is as follows:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Service fee income		
- Implementation services	1,522	-
- Support and maintenance services	8	-
<b>Total</b>	<b>1,530</b>	<b>-</b>

#### 15. ACQUISITION OF A SUBSIDIARY

On 10 August 2020, shareholding of the Company in DAPLS increased from 33.33% to 66.66% after the Company acquired one additional share in DAPLS for HK\$ 1 (equivalent to approximately US\$ 0.13) ("Step Acquisition"). After considering all pertinent facts and circumstances, the Group considers the control of DAPLSL was acquired on 1 June 2020 ("Acquisition Date").

As at Acquisition Date, the carrying amount of non-controlling interests (33.33%) in DAPLS recognised was measured by reference to the proportionate share of recognised amounts of net assets of DAPLS and amounted to US\$3,000 approximating the fair value of the equity interest.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed were as set out in the table below.

	\$'000
Cash and cash equivalents	19
Accounts receivable	9
Accruals and other payables	(17)
Tax payable	(2)
<b>Total identifiable assets acquired and liabilities assumed</b>	<b>9</b>
Less: non-controlling interests	(3)
<b>Net identifiable assets acquired and liabilities assumed by the Company</b>	<b>6</b>

## DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

---

#### 15. ACQUISITION OF A SUBSIDIARY (CONTINUED)

	\$'000
<b>Satisfied by:</b>	
Cash	_*
Fair value of the existing shareholdings	3
Gain on bargain purchase arising from the acquisition of subsidiary	3
<b>Total</b>	<b>6</b>
 <b>Net cash flow arising on acquisition:</b>	
Cash consideration	_*
Less: cash and cash equivalent balances acquired	19
<b>Net cash flow arising on acquisition</b>	<b>19</b>

\* Cash consideration of HKD 1 transferred, which is equivalent to approximately USD 0.13.

Upon the completion of the Step Acquisition, DAPLS became a subsidiary of the Group which resulted in a gain on bargain purchase recognised in "Gain on bargain purchase arising from the acquisition of a subsidiary, previously held as an associate" under Other income in the consolidated statement of comprehensive income.

#### 16. OTHER COMMITMENTS AND CONTINGENCIES

Members are subject to claims arising from professional services performed. The Group and the members have no liabilities for each other's acts or omissions. The Group is not engaged in providing services to clients and is legally separate from the members.

#### 17. MEMBERS' CONTRIBUTION

DAPSHL is registered in England and Wales as a private company limited by guarantee with no share capital. The members of the Company are members of DAPL and are separate and independent legal entities. Every member of the Company undertakes to contribute a maximum of £1 to the assets of the Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, for payment of the Company's debts and liabilities contracted before they cease to be a member, payment for costs, charges and expenses of winding up, and adjustments of the rights of the contributories among themselves.

# DELOITTE ASIA PACIFIC SERVICES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2022

---

### 18. FINANCIAL INSTRUMENTS

Financial instruments comprise cash and equivalents, accounts and other receivables, accounts payable, and accrued and other liabilities, all of which arise directly from the Group's operations. The carrying value of these financial instruments approximated their fair values at 31 May 2022 and 2021. The risks arising from these financial instruments are currency, credit and liquidity risk. See the accompanying notes to the consolidated financial statements.

**Currency Risk** — The Group is exposed to foreign currency risk on revenue and expenses that are denominated in a currency other than the US dollar. The resulting gains and losses are reflected in other costs in the consolidated statement of comprehensive income. The foreign currency exposure from settlements of assets and liabilities is assessed annually and not deemed material for the reporting period, as most transactions are made in the functional currency (the US dollar). During the current reporting period and in the past, the Group has not hedged its exposure to foreign currency risk.

**Credit Risk** — Credit risk is the risk of financial loss if a customer fails to meet its contractual obligations. The Group's customers are primarily the DAPL members. The maximum exposure to credit risk is equal to the carrying value of its accounts receivable, the counterparties to which primarily comprise the members. Credit risk relating to non-payment of service fees by the members and other debtors is not considered a significant risk to the Group. Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies.

The Group has applied the IFRS 9 simplified approach to measuring ECL using a lifetime expected loss provision for accounts receivable from members.

**Liquidity Risk** — Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. All of the Group's and Company's financial liabilities are due to be paid within one year of the reporting date. The Group's revenues are primarily derived from service fees charged to its members and the Group manages its expenses to ensure it has sufficient funds for meeting its financial obligations. Cash balances are monitored in relation to future obligations through regular forecasting of cash flows.

### 19. COMPANY RESULTS FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group's profit for fiscal year 2022 includes the Company's profit of \$6,856 thousand (2021: loss of \$10,272 thousand).

\* \* \* \* \*

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

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