Deloitte LLP

Report to Members and Consolidated Financial Statements for the year ended 31 May 2024

Registered No. OC303675

Contents

For the year ended 31 May 2024

Report to Members

For the year ended 31 May 2024

The UK Oversight Board ('UKOB') presents its report to the members together with the audited consolidated financial statements of Deloitte LLP ('the LLP') and its subsidiary undertakings (together 'the Group') for the year ended 31 May 2024.

Principal activities

The principal activities of the Group are the provision of professional services. There were no significant changes in these activities during the year.

Legal structure

The LLP is incorporated in the UK as a limited liability partnership under the Limited Liability Partnerships Act 2000. The LLP (together with its subsidiaries) is the UK affiliate of Deloitte NSE LLP ('Deloitte NSE'). The LLP is a subsidiary of Deloitte NSE. Deloitte NSE is a member firm of Deloitte Touche Tohmatsu Limited ('DTTL'), a UK private company limited by guarantee. DTTL and each of its member firms are legally separate and independent entities. Deloitte NSE, with affiliates in countries across Europe and the Middle East, is a holding entity and does not carry out any trade.

Governance

The governance of the Group comprises:

- The UK Senior Partner and Chief Executive and the Executive Group who are responsible for managing all aspects of the Group's business, including the development and delivery of services, the development of the Group's policies and strategic direction, the management of the Group's financial performance and the development and implementation of the Group's talent goals.
- The UKOB which oversees how the UK practice meets its UK regulatory and legal responsibilities, including certain requirements of the Audit Firm Governance Code as they relate to the UK business as a whole. In particular, the UKOB's focus is on securing the reputation of the UK business, ensuring material risks are managed and controlled, overseeing how the UK business meets its public interest responsibilities, and reducing the risk of firm failure. It is also responsible for overseeing financial reporting matters for the UK business.
- The Audit Governance Board ('AGB') which is responsible for providing independent oversight of the Group's UK audit business, with a focus on the policies and procedures for improving audit quality. This includes ensuring people in the audit business are focused on the delivery of high-quality audits in the public interest; and oversight of the policies and processes for ensuring audit member remuneration and promotions reflect their contribution to audit quality. The AGB and UKOB work alongside each other to ensure the Group's UK practice meets the requirements of the Audit Firm Governance Code and other regulatory and legal requirements. The AGB comprises a majority of Independent Audit Non-Executives including the Chair.
- The UK and Swiss Partnership Council ('Partnership Council') which is responsible for ensuring fairness and equity between members and fairness in the implementation of Deloitte NSE policies and strategies. The Partnership Council is also the body that undertakes soundings to assist in the selection of candidates for election to the Deloitte NSE Board and appointment to the roles of UK Senior Partner and Chief Executive and Swiss Chief Executive.

Deloitte NSE's governance structure consists of the Deloitte NSE Board, Deloitte NSE Executive, Geography governance bodies and Geography Executives, underpinned by the Deloitte NSE Partnership Agreement.

The Deloitte NSE Board is the primary governance body for the whole of Deloitte NSE, responsible for ensuring high quality governance and stewardship of Deloitte NSE as well as the promotion and protection of member interest generally. The Deloitte NSE Board works with the Deloitte NSE Executive to set and approve the long-term strategic objectives of Deloitte NSE and the markets in which it operates. It oversees the risk appetite in each area of the business and is responsible for the oversight of the Executive function.

The Chief Executive and Executive Group of each Geography are responsible for day-to-day management of their Geography, consistent execution of Deloitte NSE's strategy and development of local policies and strategies.

Report to Members

For the year ended 31 May 2024

Designated members

The designated members (as defined in the Limited Liability Partnerships Act 2000) of the LLP during the year were Richard Houston, Philip Mills and Heather Bygrave.

Members' capital

The Group is financed through a combination of members’ capital, undistributed profits and borrowing facilities.

The rate per unit of members’ capital contributions is determined by the Deloitte NSE Board, with input from the UK Senior Partner and Chief Executive, having regard to the working capital needs of the business. The amount of each individual members’ capital contribution is calculated by reference to their units each financial year and is repayable following the members’ retirement. Members’ capital was £291 million as at 31 May 2024 (2023: £284 million).

Members’ profit shares and drawings

Members’ distributable profits are determined by the Group’s management accounts profit, which are based on different accounting policies to these financial statements and are at the discretion of Group’s management. The allocation of profit is then at the discretion of the Deloitte NSE Board in accordance with the formal member remuneration procedures in place. Each member shares in profit based on the proportion of units allocated to them. Members’ share of profits is based upon a comprehensive evaluation of their individual and team contribution to, among others, quality, risk, performance, and leadership. Member performance is evaluated in all competencies, beginning with the NSE Board’s approval of the profit-sharing strategy proposed by the NSE Senior Partner and Chief Executive and concluding with the NSE Board’s review of the recommended unit allocation and equity group for each individual member. The Audit Non-Executives review and advise on the compensation, evaluation and promotion of members of the Audit business on an anonymised basis to test the robustness of the member remuneration and promotion process and its linkage to audit quality. This work is undertaken in conjunction with a NSE Board sub-committee, which makes the final recommendations on compensation in line with Deloitte NSE’s policies.

Monthly drawings represent an advance of a portion of profit during the financial year, in consideration of the need to maintain sufficient funds to settle members’ income tax liabilities and to finance the working capital and other needs of the business. The UK Senior Partner and Chief Executive sets the level of members’ monthly drawings, with the approval of the Deloitte NSE Board. Tax retentions are paid to HM Revenue & Customs on behalf of members with any excess being released to members, as appropriate. Where a members’ drawings exceed the actual profit allocation during the year, the net amount due from the member is included under current assets in amounts due from members. If the profit allocation exceeds the members’ drawings, the net amount is included under current liabilities within amounts due to members. This number is determined on a member-by-member basis. The amounts due to or from members that retire during the current year are classified on the same basis.

Going concern

These financial statements have been prepared on a going concern basis.

In its assessment of going concern, the Group has prepared forecasts reflecting the Group’s business plan which covers the going concern assessment period of at least 12 months from the date of when the financial statements are authorised for issue. As part of these forecasts, the Group has considered the economic environment in the markets in which the Group operates, as well as considering plausible downside scenarios.

In the severe, but plausible downside sensitivity scenarios, the following assumptions have been applied:

- Scenario 1: a reduction in revenue with no cost mitigation;
- Scenario 2: a worsening of cash collection; and
- Scenario 3: both a reduction in revenue (with no cost mitigation) and a worsening of cash collection.

The financial modelling shows that the Group’s financial position remains manageable in all scenarios.

Report to Members

For the year ended 31 May 2024

Going concern (continued)

Should the impact of economic uncertainty, from macroeconomic factors, significantly worsen, management has the option of taking additional measures such as postponing or curtailing spending, including partner distribution, staff bonuses, discretionary spending and investment and requesting additional capital contributions from members. Further, as highlighted below, the Group maintains an appropriate level of borrowing facilities.

The Group has access to significant financial resources, including cash and cash equivalents, members' capital, undistributed profits and borrowing facilities. This funding, together with well-established relationships with many customers and suppliers across different geographic areas and industries, leaves the group well-placed to manage the financial impact of the Group's business risks. At 31 May 2024, the Group's net cash and cash equivalents position was £368 million (2023: £460 million) and the Group had undrawn facilities of £758 million (2023: £655 million). During the year, £200 million of new Private Placement Loans Notes were issued to the Group. Refer to Note 17 for further details of the borrowing facilities. The Group's objectives, policies, and processes for managing its capital and financial risk management objectives and its exposures to credit and liquidity risk are disclosed in Note 22.

At 31 May 2024, total assets of the Group were £3,621 million (2023: £3,483 million), and net liabilities attributable to members were £605 million (2023 restated: £648 million). Refer to note 2.3 for details on restatement arising from the transition to IFRS 17.

Net liabilities attributable to members arise primarily as a result of the recognition in these financial statements of insurance contract liabilities in relation to the Partner Pension Plan Annuity ('members' annuities') to former and current members of £1,599 million (2023 restated: £1,590 million). The payment of such members' annuities is mainly conditional on the future generation of profits and is payable over a number of years, with £56 million (2023 restated: £52 million) expected to be payable in the 12 months from the date of when the financial statements are authorised for issue. The annuities are unfunded, are mainly dependent on the future generation of profits and the annual payments are mainly capped at 8% of applicable Group operating profit before annuity charges in any financial year, as defined in the relevant agreement. The members' annuity scheme was closed to new entrants effective 1 June 2021. The insurance contract liabilities per the balance sheet includes members' annuities and Early Retirement Annuities ('retirement annuities'), detailed in Note 19.

Having considered the Group's forecasts, financial resources and the wider business risks faced by the Group, including known events and conditions that may arise beyond the forecast period, the Group has a reasonable expectation that the LLP and the Group have sufficient resources to continue in operation for the going concern assessment period. Accordingly, the going concern basis of accounting continues to be adopted in the preparation of these financial statements.

Energy and carbon report

Further details on Deloitte NSE's environmental and sustainability policies are included in Deloitte NSE's annual report. An Energy and Carbon report has not been included within this report as it is included within the group report of Deloitte NSE. The Energy and Carbon report for Deloitte NSE includes the relevant Streamlined Energy and Carbon Reporting (SECR) disclosures and Climate-related Financial Disclosures (CFD).

Storefront changes

Subsequent to the year end, the Group has completed a thoughtful process to modernise and simplify its storefront and go-to market strategy. The Group is confident this will further enhance the exceptional quality and value it delivers to our clients and communities, as well as the vibrant career paths it provides to its people.

Statement on disclosure of information to the auditor

In so far as the members are aware, the auditor has been made aware of all relevant information.

Auditor

BDO LLP have expressed their willingness to continue in office as the auditor and appropriate arrangements have been put in place for them to be deemed reappointed as the auditor.

Report to Members

For the year ended 31 May 2024

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the Report to Members and the Consolidated Financial Statements in accordance with applicable laws and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under these regulations the members have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. The Consolidated Financial Statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). The Consolidated Financial Statements are also required by law to be prepared in accordance with the Companies Act 2006, as applicable to limited liability partnerships.

International Accounting Standard 1 'Presentation of Financial Statements' requires that consolidated financial statements present fairly for each financial year the Limited Liability Partnership's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of the consolidated financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, the members are also required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- To make an assessment of the LLP's and Group's ability to continue as a going concern.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Limited Liability Partnership and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Limited Liability Partnership's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Limited Liability Partnership's website is the responsibility of the members. The members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

These responsibilities are fulfilled by the UKOB on behalf of the members. The UKOB confirms that it has complied with the above requirements in preparing these financial statements.

Signed on 26 September 2024 on behalf of the UKOB by:

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Richard Houston

UK Senior Partner and Chief Executive

Independent Auditor's Report to the Members of Deloitte LLP

For the year ended 31 May 2024

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 Limited Liability Partnership's affairs as at 31 May 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom ('UK') adopted international accounting standards;
- the Limited Liability Partnership's financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

We have audited the financial statements of Deloitte LLP ('the Limited Liability Partnership') and its subsidiaries ('the Group') for the year ended 31 May 2024 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Balance Sheets, the Statements of Changes in Equity, the Cash Flow Statements and Notes to the Financial Statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, and as regards the Limited Liability Partnership, as applied in accordance with the provisions of the Companies Arc 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

Separate opinion in relation to International Financial Reporting Standards as issued by the IASB and IFRS Committee ('IFRIC') Interpretations (collectively 'IFRSs')

As explained in note 1 to the financial statements, the Group and Limited Liability Partnership, in addition to complying with their legal obligation to apply UK adopted international accounting standards, have also applied International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB') and IFRS Committee ('IFRIC') Interpretations (collectively 'IFRSs').

In our opinion the Group and the Limited Liability Partnership's financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Limited Liability Partnership as at 31 May 2024, and of the consolidated financial performance and the consolidated and separate cash flows for the year then ended in accordance with IFRS as issued by the IASB and IFRS Committee ('IFRIC') Interpretations (collectively 'IFRSs').

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 Limited Liability Partnership 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.

Independent Auditor's Report to the Members of Deloitte LLP

For the year ended 31 May 2024

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Members' 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 and the Limited Liability Partnership's ability to continue as going concerns for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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 as applied to limited liability partnerships

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

- adequate accounting records have not been kept by the Limited Liability Partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the Limited Liability Partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Members

As explained more fully in the Statement of members' responsibilities in respect of the financial statements, the Members 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 Members determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report to the Members of Deloitte LLP

For the year ended 31 May 2024

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:

Based on:

- Our understanding of the Group and Limited Liability Partnership and the industry in which it operates;
- Discussion with management and those charged with governance, Internal Audit and those responsible for legal and compliance procedures; and
- Obtaining an understanding of the Group and Limited Liability Partnership's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be:

- Those that relate to the reporting framework (UK adopted international accounting standards and with the International Financial Reporting Standards as issued by the IASB and IFRIC interpretations);
- Laws and regulations relating to employee matters such as equality, bribery, and corruption practices;
- Relevant tax compliance regulations in the jurisdictions in which the Group and Limited Liability Partnership operates; and
- Relevant compliance with the Financial Reporting Council which promotes transparency and integrity in business by aiming its work at investors and others who rely on company reports, audits, and high-quality risk management.

The Group and Limited Liability Partnership is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be:

- The health and safety legislation;
- Ethical Standards for providers of public services;
- FRC Ethical Standards;
- ICAEW Code of Conduct;
- SRA Code of conduct for lawyers;
- Companies Act 2006; and
- Value Added Tax compliance regulations in the jurisdictions.

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

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

Our procedures in respect of the above included:

- Review of minutes of meeting of Those Charged With Governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the Group and Limited Liability Partnership's financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group and Limited Liability Partnership's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering profit sharing mechanism and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and key areas of estimation uncertainty or judgement.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation.
- Assessing significant estimates made by management for bias by testing key areas of estimation uncertainty or judgement, for example; valuation of contract assets for which we sampled projects using a risk based approach and assessed the year end position on these by agreeing to related supporting evidence, and valuation of the defined benefit schemes and IFRS 17 insurance contract liability for which we consulted with external experts to gain an understanding of the estimates and judgements used and assessed the reasonableness of these in the context of our understanding of the entity and its environment.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent Auditor's Report to the Members of Deloitte LLP

For the year ended 31 May 2024

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

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 Limited Liability Partnership's Members, as a body, in accordance with the Chapter 3 of part 16 of the Companies Act 2006 as applied by Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Liability Partnership'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 Limited Liability Partnership and the Limited Liability Partnership's Members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Andrew Radford
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Andrew Radford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

26 September 2024

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

Consolidated Income Statement

For the year ended 31 May 2024

£'million	Notes	2024	Restated[1] 2023
Revenue	3	5,746	5,609
Operating expenses			
Employee costs	4	(2,911)	(2,789)
Depreciation and amortisation	9, 10, 11	(118)	(119)
Other operating expenses	5	(1,968)	(1,943)
Insurance service result			
Insurance revenue	19	69	64
Insurance service expense	19	(65)	(49)
Profit on disposal of pension advisory practice	23	-	34
Operating profit		753	807
Net finance expenses	6	(1)	(6)
Finance (expense)/income from insurance contracts	7	(80)	349
Share of results of associates and joint ventures	12	8	-
Profit before tax and members' capital profit share		680	1,150
Tax expense in corporate subsidiaries	8	(29)	(31)
Profit before members' capital profit share		651	1,119
Members' capital profit share charged as an expense	20	-	(38)
Profit for the year		651	1,081
Profit for the year attributable to:			
Members as owners of the parent entity		651	1,081

1. Prior year comparatives have been restated to reflect the implementation of IFRS 17 Insurance Contracts ('IFRS 17'). Further information can be found in Note 2.3. These adjustments have been applied consistently to all affected disclosure notes in the consolidated financial statements.

The notes on pages 17 to 95 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 May 2024

£'million	Notes	2024	Restated[1] 2023
Profit for the year		651	1,081
Items that will not be re-classified subsequently to profit or loss			
Re-measurements of defined benefit pension schemes	21	(51)	(22)
Changes in asset ceiling – UK and Swiss pension schemes	21	39	30
Net loss on equity securities designated at fair value through other comprehensive income	14	-	(1)
Items that may be re-classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		1	6
Other comprehensive (loss)/income for the year		(11)	13
Total comprehensive income for the year		640	1,094
Total comprehensive income for the year attributable to:			
Members as owners of the parent entity		640	1,094

1. Prior year comparatives have been restated to reflect the implementation of IFRS 17 (see Note 2.3). These adjustments have been applied consistently to all affected disclosure notes in the consolidated financial statements.

There is no tax on any component of other comprehensive income for either year.

The notes on pages 17 to 95 form an integral part of these financial statements.

Balance Sheets

At 31 May 2024

£'million	Notes	Group 2024	Group Restated[1] 2023	Group Restated[1] 2022	LLP 2024	LLP Restated[1] 2023	LLP Restated[1] 2022
Assets							
Non-current assets							
Intangible assets	9	96	101	97	24	26	27
Property, plant and equipment	10	249	199	207	214	158	167
Right-of-use assets	11	561	576	620	505	522	565
Derivative financial instruments	22	-	-	21	-	-	21
Deferred tax assets	8	2	4	2	-	-	-
Investments in subsidiaries and associates	13	-	-	-	8	8	8
Interests in joint ventures and associates	12	23	17	20	-	-	-
Insurance reimbursement receivable	18	20	-	-	20	-	-
Other non-current assets	14	44	76	81	23	55	62
		995	973	1,048	794	769	850
Current assets							
Derivative financial instruments	22	-	23	-	-	23	-
Trade and other receivables[3]	15	1,087	1,061	943	768	812	812
Contract assets	15	811	795	711	609	579	517
Amounts due from members	20	160	58	82	160	58	82
Cash and cash equivalents[2]	17	568	573	608	451	445	432
		2,626	2,510	2,344	1,988	1,917	1,843
Total assets		3,621	3,483	3,392	2,782	2,686	2,693
Liabilities							
Current liabilities							
Trade and other payables[3]	16	984	982	878	682	653	577
Contract liabilities	16	367	338	394	256	226	252
Amounts due to members	20	-	4	-	-	4	-
Lease liabilities		58	64	56	54	53	46
Borrowings	17	-	113	2	-	113	-
Provisions	18	27	68	23	27	65	18
Members' capital	20	28	10	10	28	10	10
		1,464	1,579	1,363	1,047	1,124	903
Non-current liabilities							
Borrowings	17	200	-	110	200	-	110
Employee benefits	21	18	4	23	-	-	-
Lease liabilities		590	604	634	540	563	587
Provisions	18	67	60	67	64	58	65
Insurance contract liabilities	19	1,624	1,610	2,029	1,624	1,610	2,029
Members' capital	20	263	274	256	263	274	256
		2,762	2,552	3,119	2,691	2,505	3,047
Total liabilities		4,226	4,131	4,482	3,738	3,629	3,950
Net liabilities attributable to members		(605)	(648)	(1,090)	(956)	(943)	(1,257)
Equity							
Members' other reserves	20	(605)	(648)	(1,090)	(956)	(943)	(1,257)
		(605)	(648)	(1,090)	(956)	(943)	(1,257)

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The notes on pages 17 to 95 form an integral part of these financial statements

Balance Sheets

At 31 May 2024

£'million	Notes	Group 2024	Group Restated[1] 2023	Group Restated[1] 2022	LLP 2024	LLP Restated[1] 2023	LLP Restated[1] 2022
Supplemental information							
Members' interests							
Members' capital	20	291	284	266	291	284	266
Members' other reserves	20	(605)	(648)	(1,090)	(956)	(943)	(1,257)
Amounts due to members	20	-	4	-	-	4	-
Amounts due from members	20	(160)	(58)	(82)	(160)	(58)	(82)
Total members' interests		(474)	(418)	(906)	(825)	(713)	(1,073)

1. Prior year comparatives have been restated to reflect the implementation of IFRS 17 (see Note 2.3) and also to separately present 'contract assets' (presented as 'amounts to be billed to customers' in the prior year) and 'contract liabilities' (presented as 'progress billings' in the prior year) which were previously included within trade and other receivables and trade and other payables respectively. The members have made a decision to reclassify the balances using IFRS 15 consistent terminology in order to provide better information as to Group's and LLP's financial position and to enable consistency with the current year presentation. For further information see Notes 15 and 16. These adjustments have been applied consistently to all affected disclosure notes in the consolidated financial statements. The 2022 balance are restated as at 1 June 2022.
2. The line item description has changed from 'cash and bank balances' to 'cash and cash equivalents' to better reflect the balances held by the LLP and the Group.
3. The prior year balance has been restated to correct an intercompany offset posting, resulting in amounts owed to Group undertakings, within trade and other payables, and amounts owed by Group undertakings, within trade and other receivables, increasing by £30 million.

As permitted by section 408 of the Companies Act 2006, as applied to Limited Liability Partnerships, the LLP has opted not to present a separate income statement and related notes. The LLP reported a profit for the year ended 31 May 2024 of £586 million (2023 restated: £968 million). Prior year comparatives have been restated to reflect the implementation of IFRS 17 (see Note 2.3).

The financial statements on pages 10 to 95 were authorised for issue and signed on 26 September 2024 on behalf of the Members of Deloitte LLP, registered number OC303675, by:

Signed by the below designated members of the LLP,

DocuSigned by:
11640521B0A14E5...

Richard Houston

Senior Partner and Chief Executive

DocuSigned by:
5005184571BC4FD...

Heather Bygrave

Chief Financial Officer

The notes on pages 17 to 95 form an integral part of these financial statements.

Statements of Changes in Equity

For the year ended 31 May 2024

£'million	Notes	Group Members' other reserves (Note 20)	LLP Members' other reserves (Note 20)
Balance at 1 June 2022 (as previously stated)		(531)	(698)
Impact of transition to IFRS 17		(559)	(559)
Balance at 1 June 2022 (restated[1])		(1,090)	(1,257)
Profit for the year (restated[1])		1,081	968
Other comprehensive income / (loss) for the year		13	(2)
Total comprehensive income (restated[1])		1,094	966
Allocated profit in the year	20	(650)	(650)
Deemed distribution to parent	24	(2)	(2)
Transactions with owners		(652)	(652)
Balance at 31 May 2023 (restated[1])		(648)	(943)
Profit for the year		651	586
Other comprehensive loss for the year		(11)	(2)
Total comprehensive income		640	584
Allocated profit in the year	20	(595)	(595)
Deemed distribution to parent	24	(2)	(2)
Transactions with owners		(597)	(597)
Balance at 31 May 2024		(605)	(956)

1. Prior year comparatives have been restated to reflect the implementation of IFRS 17 (see Note 2.3). These adjustments have been applied consistently to all affected disclosure notes in the consolidated financial statements.

The notes on pages 17 to 95 form an integral part of these financial statements.

Cash Flow Statements

For the year ended 31 May 2024

£'million	Note	Group 2024	Group Restated[3] 2023	LLP 2024	LLP Restated[3] 2023
Profit for the year		651	1,081	586	968
Adjustments for:					
Tax expense in corporate subsidiaries	8	29	31	-	-
Depreciation and amortisation	9,10,11	118	119	97	100
Profit on disposal of business (excluding transaction costs)	23	-	(37)	-	(47)
Members' capital profit share charged as an expense	23	-	38	-	38
Net increase in impairment of financial assets		-	4	2	2
Impairment of non-current assets	9,10,11	2	-	2	-
Share of results of associates and joint ventures	12	(8)	-	-	-
Income from investment in subsidiaries[1]		-	-	(43)	(20)
Loss on disposal of property, plant and equipment		3	-	2	-
Net finance expense	6	1	6	5	7
Provisions movements for the year	18	22	66	10	68
Current service cost for defined benefit pension schemes	21	36	26	-	-
Other non-cash movements		10	10	1	(2)
Operating cash inflows before movements in working capital		864	1,344	662	1,114
(Increase)/decrease in trade and other receivables[2]	15	(54)	(164)	65	(9)
Increase in contract assets	15	(17)	(79)	(30)	(62)
Changes in insurance contract liabilities[4]	19	14	(419)	14	(419)
Cash outflow on payments of provisions	18	(65)	(15)	(52)	(15)
Cash outflow on payments of retirement benefit obligation	21	(34)	(39)	(2)	-
Increase in trade and other payables[5]	16	43	129	63	102
Increase/(decrease) in contract liabilities	16	29	(62)	31	(27)
Cash generated by operations		780	695	751	684
Tax paid by corporate subsidiaries		(28)	(31)	-	-
Net cash inflow from operating activities		752	664	751	684
Investing activities					
Acquisition of business (net of cash acquired)	9	-	(11)	-	-
Purchase of investments		-	(1)	-	(1)
Interest income received	6	25	13	22	12
Purchase of property, plant and equipment[6]	10	(89)	(34)	(84)	(30)
Proceeds from sale of business (net of cash disposed)	24	-	45	-	49
Capital repayments and profit distributions received from Associates	13	2	3	-	-
Issue of loans to DTTL network firms	14	(8)	(5)	(8)	(5)
Repayment of loans by DTTL network firms	14	9	8	9	10
Net cash (used in)/generated by investing activities		(61)	18	(61)	35

The notes on pages 17 to 95 form an integral part of these financial statements.

Cash Flow Statements

For the year ended 31 May 2024

£'million	Note	Group 2024	Group Restated[3] 2023	LLP 2024	LLP Restated[3] 2023
Financing activities					
Payments to members	20	(717)	(658)	(717)	(658)
Settlement of hedging contracts		25	-	25	-
Repayment of capital to former members	20	(20)	(14)	(20)	(14)
Capital contributions by members	20	27	32	27	32
Deemed distribution to parent	20	(2)	-	(2)	-
New borrowings raised	17	200	-	200	-
Repayment of borrowings	17	(114)	(2)	(114)	-
Principal element of lease payments	11	(68)	(58)	(58)	(48)
Interest paid	6	(25)	(19)	(25)	(19)
Net cash used in financing activities		(694)	(719)	(684)	(707)
Net increase/(decrease) in cash and cash equivalents		(3)	(37)	6	12
Cash and cash equivalents at the beginning of the year		573	608	445	432
Effects of exchange rate changes on cash and cash		(2)	2	-	1
Cash and cash equivalents at the end of the year	17	568	573	451	445

1. 'Income from investments in subsidiaries' represents non-cash transactions, being dividends received from fellow group entities, settled via intercompany offsets.

2. Prior year comparatives have been restated to correct an intercompany offset posting resulting in amounts owed by Group undertakings increasing by £30 million. The Group's and LLP's current year movements in 'Trade and other receivables' includes the non-cash movement of £20 million in relation to the reclassification of the insurance reimbursement receivable to non-current assets. The Group's other non-cash net movements of £8 million (2023: £46 million), includes foreign currency movements and other immaterial items. The LLP's other non-cash net movements includes £43 million (2023: £20 million) in relation to income from investments in subsidiaries and other non-cash net movements of £2 million (2023: £11 million), which includes foreign currency movements and other immaterial items.

3. Prior year comparatives have been restated to reflect the implementation of IFRS 17 (see Note 2.3) and also to separately present movements in 'contract assets' and movements in 'contract liabilities' which were previously included within the movements in 'trade and other receivables' and 'trade and other payables' respectively. For further information see Notes 15 and 16.

4. The cash payments of members' annuities are presented within the changes in insurance contract liabilities. Please see Note 19 for the reconciliation of measurement components of insurance contract balances and reconciliation of insurance balances for liability for remaining coverage and liability for incurred claims where the movement is shown.

5. Prior year comparatives have been restated to correct an intercompany offset posting resulting in amounts owed to Group undertakings increasing by £30 million. The Group's and LLP's current year movements in 'Trade and other payables' includes a non-cash movement in relation to a £30 million specie distribution received from the Pension Funding Partnership ('PFP' group) see Note 14. The Group's other non-cash net movements of £11 million (2023: £25 million), includes foreign currency movements and other immaterial items. The LLP's other non-cash net movements of £4 million (2023: £26 million), includes foreign currency movements and other immaterial items.

6. The Group's and LLP's purchase of property, plant and equipment includes a non-cash movement of £8 million (2023: £nil) in relation to capital accruals.

The notes on pages 17 to 95 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 May 2024

1. Basis of preparation

Basis of preparation

Deloitte LLP (‘the LLP’) is incorporated in the UK as a limited liability partnership under the Limited Liability Partnerships Act 2000 (‘the Act’) and is an affiliate of Deloitte NSE LLP. Deloitte NSE LLP, a limited liability partnership incorporated in the UK under the Act, is the ultimate holding and controlling party of the LLP (hereinafter, Deloitte NSE LLP and its subsidiaries are referred to as the ‘Deloitte NSE Group’). The LLP is registered in England and Wales, and the address of the registered office of the LLP is 1 New Street Square, London, EC4A 3HQ.

These financial statements consolidate the results and financial position of the LLP and its subsidiary undertakings (together, the ‘Group’). The parent entity financial statements present information about the LLP as a separate entity and not about the Group.

The principal activities of the Group are the provision of professional services. There were no significant changes in these activities during the year.

Both the Group and LLP financial statements (the ‘financial statements’) have been prepared in accordance with United Kingdom adopted international accounting standards, together with those parts of the Companies Act 2006 applicable to limited liability partnerships. The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and with International Financial Reporting Standards as issued by the International Accounting Standards Board (‘IASB’) and IFRS Interpretation Committee (‘IFRIC’) Interpretations (collectively ‘IFRSs’). In presenting the LLP financial statements together with the Group financial statements, the LLP is taking advantage of the exemption in Section 408(4) of the Companies Act 2006, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) regulations 2008, not to present its individual income statement and related notes as part of these approved financial statements.

The financial statements have been prepared under the historical cost convention except as otherwise described in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted in the preparation of these financial statements are set out below. All accounting policies have been consistently applied to all the financial years presented.

These financial statements are presented in Pounds Sterling (‘£’) because that is the currency of the primary economic environment in which the LLP operates. Amounts in these financial statements are rounded to the nearest million unless otherwise noted.

Notes to the Financial Statements

For the year ended 31 May 2024

1. Basis of preparation (continued)

Going concern

These financial statements have been prepared on a going concern basis.

In its assessment of going concern, the Group has prepared forecasts reflecting the Group's business plan which covers the going concern assessment period of at least 12 months from the date of when the financial statements are authorised for issue. As part of these forecasts, the Group has considered the economic environment in the markets in which the Group operates, as well as considering plausible downside scenarios.

In the severe, but plausible downside sensitivity scenarios, the following assumptions have been applied:

- Scenario 1: a reduction in revenue with no cost mitigation;
- Scenario 2: a worsening of cash collection; and
- Scenario 3: both a reduction in revenue (with no cost mitigation) and a worsening of cash collection.

The financial modelling shows that the Group's financial position remains manageable in all scenarios.

Should the impact of economic uncertainty, from macroeconomic factors, significantly worsen, management has the option of taking additional measures such as postponing or curtailing spending, including partner distribution, staff bonuses, discretionary spending and investment, and requesting additional capital contributions from members. Further, as highlighted below, the Group maintains an appropriate level of borrowing facilities.

The Group has access to significant financial resources, including cash and cash equivalents, members' capital, undistributed profits and borrowing facilities. This funding, together with well-established relationships with many customers and suppliers across different geographic areas and industries, leaves the group well-placed to manage the financial impact of the Group's business risks. At 31 May 2024, the Group's net cash and cash equivalents position was £368 million (2023: £460 million) and the Group had undrawn facilities of £758 million (2023: £655 million). During the year, £200 million of new Private Placement Loans Notes were issued to the Group. Refer to Note 17 for further details of the borrowing facilities. The Group's objectives, policies, and processes for managing its capital and financial risk management objectives and its exposures to credit and liquidity risk are disclosed in Note 22.

At 31 May 2024, total assets of the Group were £3,621 million (2023: £3,483 million), and net liabilities attributable to members were £605 million (2023 restated: £648 million).

Net liabilities attributable to members arise primarily as a result of the recognition in these financial statements of insurance contract liabilities in relation to the Partner Pension Plan Annuity ('members' annuities') to former and current members of £1,599 million (2023 restated: £1,590 million). The payment of such annuities is mainly conditional on the future generation of profits and is payable over a number of years with £56 million (2023 restated: £52 million) expected to be payable in the 12 months from the date of when the financial statements are authorised for issue. The annuities are unfunded, are mainly dependent on the future generation of profits and the annual payments are mainly capped at 8% of applicable Group operating profit before annuity charges in any financial year, as defined in the relevant agreement. The members' annuity scheme was closed to new entrants effective 1 June 2021. The insurance contract liabilities per the balance sheet includes members' annuities and Early Retirement Annuities ('retirement annuities'), detailed in Note 19.

Having considered the Group's forecasts, financial resources and the wider business risks faced by the Group, including known events and conditions that may arise beyond the forecast period, the Group has a reasonable expectation that the LLP and the Group have sufficient resources to continue in operation for the going concern assessment period. Accordingly, the going concern basis of accounting continues to be adopted in the preparation of these financial statements.

Notes to the Financial Statements

For the year ended 31 May 2024

2. Accounting policies

The following principal accounting policies have been consistently applied in dealing with items that are considered material in relation to the financial statements.

2.1 Material accounting policies

Consolidation

Subsidiaries

The financial statements of the Group incorporate the financial statements of the LLP and its subsidiaries. Subsidiaries are entities under the control of the Group where control, as defined by IFRS 10 Consolidated Financial Statements ('IFRS 10'), is achieved when the Group has: (i) power over the investee; and (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and (iii) has the ability to use its power to affect its returns. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated in full on consolidation.

Disposals

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.

The fair value of any investment retained in the former subsidiary on the date control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments ('IFRS 9'), when applicable, or the cost on initial recognition for an investment in an associate or joint venture.

Foreign currency

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the rates ruling at that date. These translation differences are recognised in the consolidated income statement.

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the financial statements, the results and financial position of each Group entity are expressed in £, which is the functional currency of the LLP and the presentation currency for the financial statements.

The assets and liabilities of foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for each month, unless exchange rates fluctuate significantly during that period, in which case the exchange rate at the date of transactions are used. Exchange differences arising on the retranslation of foreign operations are recognised in other comprehensive income and accumulated in equity.

Notes to the Financial Statements

For the year ended 31 May 2024

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Revenue

The Group generates revenue primarily by delivering professional services to customers and audited entities (referred to as 'customers' hereafter), with the types of services offered being similar within each of its businesses namely Audit & Assurance, Consulting, Financial Advisory, Risk Advisory and Tax & Legal. Each business offers a wide range of services and, when delivered to individual customers, these are almost always bespoke in nature.

As a provider of professional services, the Group generally does not have obligations for returns, refunds or other similar obligations, nor does it have warranties or other related obligations.

Revenue is measured as the fair value of consideration received or receivable for satisfying performance obligations contained in contracts with customers, including recoverable expenses incurred on assignments but excluding value added tax. Recoverable expenses represent sub-contractor costs and disbursements incurred in respect of assignments and expected to be recovered from customers. The amount of consideration the Group receives varies both from service to service and from customer to customer, reflecting the bespoke nature of the services provided. The consideration typically reflects the skills and experience of the individuals who provide the services as well as the availability of similar skills and experience in the wider professional services market. These factors tend to vary from business to business.

The Group recognises revenue as it satisfies performance obligations by transferring control of services to customers. When or as performance obligations are satisfied, revenue is recognised and contract assets or trade receivables are simultaneously created. Contract liabilities represent amounts received for performance obligations which are not yet satisfied.

The Group measures progress in satisfying the performance obligations as follows:

- For time and materials contracts, the Group is able to recognise revenue on the basis of time charged to date. This output method approach uses the practical expedient in IFRS 15 with the amount recognised as revenue reflecting the amount that the Group has the right to invoice to its customers.
- Fixed fee contracts are recognised over time using an input method based upon the value of the actual services provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual inputs of time at charge-out rates, via timesheet reporting, and expenses relative to total expected inputs. This input method provides a faithful depiction of the transfer of services to the Group's customers as there is an enforceable right to payment for performance completed to date and the customer receives and consumes the benefits from such services simultaneously as these are rendered, and therefore revenue is recognised over time.
- Contingent fees are typically fully constrained until the contingency is resolved, and only recognised within the transaction price at that point.
- Transaction related fees are priced on a "per unit" basis, such as data storage or data processing fees, and are typically recognised as the underlying transactions or usage takes place and the right to payment arises on satisfaction of the relevant performance obligation.

Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal will not be required. The Group adjusts its estimate of revenue throughout the contractual period of services, and for amounts which are variable, such as contingent fees, at the earlier of when the most likely amount of consideration the Group expects to receive changes or when the consideration becomes fixed.

Notes to the Financial Statements

For the year ended 31 May 2024

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Revenue (continued)

Other than for contingent fee arrangements which are constrained in accordance with the requirements of IFRS 15 Revenue from contracts with customers ("IFRS 15"), in virtually all contracts the Group has an enforceable right to payment for services rendered and given the bespoke nature of the services provided, recognises revenue over time as such services are rendered.

When another entity within the Deloitte global network or external party is involved in providing services to a customer, the Group determines whether it is a principal or an agent in these transactions. The Group is a principal and revenue is recognised on a gross basis if it controls the services before transferring them to the customer. However, if the Group acts as an agent then it will recognise revenue net of the amount paid to other parties involved in providing services to the customer.

The Group typically invoices its customers monthly or quarterly in arrears, or for smaller projects at the end of the engagement, but payment terms do vary depending on the types of services being offered or for individual contractual agreements.

The Group has applied the practical expedient in IFRS 15.63 and not amended its consideration for professional services for the effects of a significant financing component, as the period between when the Group transfers a promised good or service to a customer and when the customer pays will be one year or less.

Determining the number of performance obligations in the contractual arrangements with the Group's customers sometimes involves judgement. Whilst the Group's contractual arrangements often contain extensive details in relation to services to be provided, in many cases these are considered to comprise a single performance obligation. Even when multiple deliverables are to be provided to a customer these are often judged to be a single performance obligation either because there is a significant service of integration performed by the Group in delivering these services or because the services represent a series of substantially similar services all recognised over time (for example, the provision of multiple internal audit reports under an internal outsourcing contract). For those contractual arrangements that comprise multiple performance obligations, the transaction price is allocated on the basis of the relative estimated stand-alone selling price of each performance obligation.

Unsatisfied performance obligations

The majority of services performed by the Group are in respect of contracts with an expected duration of one year or less either because the goods or services are expected to be provided within a 12-month period and/or because the customer and/or the Group has the right to terminate the contract without substantive penalty upon the delivery of written notice. In addition, in virtually all contracts the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date. For all such contracts, the Group has applied the practical expedient available in IFRS 15.121 and has not disclosed the amount of the transaction price allocated to and the expected revenue recognition profile of unsatisfied performance obligations as at the end year end.

Notes to the Financial Statements

For the year ended 31 May 2024

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Insurance contracts – IFRS 17 effective 1 June 2022

Annuities to current and former members

The Group provides for members' annuities payable to members with a minimum of ten years' service in their capacity as members following their retirement. The members' annuities were set up in 2002 and benefit entitlements are based on member service and average earnings. Once payments have commenced, benefits are indexed with RPI capped at 5% p.a. The members' annuities are unfunded and are, mainly, dependent on the future generation of profits with annual payments being mainly capped at 8% of applicable Group operating profit before annuity charges in any financial year, as defined in the relevant agreement. The members' annuity scheme was closed to new entrants effective 1 June 2021.

A contract transfers 'significant insurance risk' only if an insured event could cause the Group to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely.

The Group's members' annuities meet the IFRS 17 criteria of an insurance contract as a contract exists between the LLP and members to pay annuities in the event of the survival of the annuitant which is the insured event. The Group exercises judgement to determine if the annuities arrangement of its members transfers significant insurance risk from the policyholder (the member) to the Group. The Group has concluded that the insurance risk is significant due to the variation in amounts paid to members which are dependent on the members' survival and could result in significant additional amounts being paid that would not be otherwise payable in the event of non-survival.

The Group adopted IFRS 17 from 1 June 2022 (the 'transition date' for the Group) and applied the fair value approach ('FVA') for members' annuities to calculate the impact of IFRS 17 on transition since it was deemed impracticable to apply the standard retrospectively. More information on the Group's impracticability assessment and simplifications opted by the Group in applying the fair value approach are provided in Note 2.3.

The Group also provides for retirement annuities to members who retire earlier than the firm's normal retirement age. The retirement annuities are paid over a period of one to four years. The payment of these annuities is dependent on the survival of the retiring member and their immediate family, therefore significant insurance risk is present and the retirement annuities meet the IFRS 17 criteria of an insurance contract.

The Group applied the full retrospective approach ('FRA') for retirement annuities on transition. More information on the Group's application of the FRA is provided in Note 2.3.

Initial measurement

The members' annuities are accounted for using the General Measurement Model ('GMM') which is measured as the total of the fulfilment cash flows and the contractual service margin ('CSM'). The fulfilment cash flows consist of the present value of future cash flows calculated using probability-weighted estimates, together with an explicit risk adjustment for non-financial risk ('risk adjustment'). Future cash flows comprise all cash flows that are within the contract boundary such as future annuity payouts required to fulfil the promised services under the contract. The risk adjustment for non-financial risk is the margin for the uncertainty about the amount and timing of the cash flows that arises from non-financial risks. The CSM for the Group's members' annuities arises on transition (1 June 2022) as the difference between the fair value of the liability of the remaining coverage and the present value of the fulfilment cash flows as determined on the transition date. The CSM on the balance sheet relates to the insurance services yet to be provided under the insurance contracts and is released to the income statement in future reporting periods as the insurance services are provided.

For retirement annuities where the fulfilment cash flows result in a total net outflow at the date of initial recognition, the contract is deemed onerous, and a loss is recognised immediately in the profit or loss with no CSM recognised on the balance sheet. A loss component of the liability for remaining coverage ('LRC') is established for the amount of loss recognised.

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Insurance contracts – IFRS 17 effective 1 June 2022 (continued)

Subsequent measurement

The carrying amount of members' annuities at each reporting date is the sum of the liability for remaining coverage ('LRC') and the liability for incurred claims ('LIC'). The LRC comprises the fulfilment cash flows that relate to annuity payout services that will be provided under the contracts in future periods and any remaining CSM at that date. The fulfilment cash flows of members' annuities are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. The LIC includes the fulfilment cash flows for incurred claims that have not yet been paid, including claims that have been incurred but not yet reported.

Changes in fulfilment cash flows are recognised as follows:

- Changes related to past or current service are recognised in the insurance revenue and insurance service expense lines within the income statement. Changes in risk adjustment that relate to past or current service are disaggregated between the insurance revenue and finance (expense)/income from insurance contracts;
- The effects of the time value of money and changes in financial risk are recognised as finance (expense)/income from insurance contracts; and
- Changes related to future service are adjusted against the CSM unless the group of insurance contracts is or becomes onerous in which case such changes are recognised in the insurance service result.

The carrying amount of the CSM at the end of the reporting period is the carrying amount at the start of the reporting period, adjusted for:

- Interest accreted on the carrying amount of the CSM during the reporting period using the discount rate determined at the date of initial recognition of the group of contracts (for the Group's members' annuities this locked-in discount rate was determined on the transition date);
- The changes in fulfilment cash flows relating to future service at the locked-in discount rates and other financial assumptions which for the Group's members' annuities were determined on the transition date (except where increases in fulfilment cash flows cause a group of contracts to become onerous or decreases in fulfilment cash flows are allocated to the loss component of the liability for remaining coverage); and
- The amount recognised as insurance revenue because of the insurance contract services provided in the year. This is based on coverage units, a measure used to determine the allocation of the CSM of a group of contracts over the current and remaining coverage periods. The number of coverage units in a group of contracts is the quantity of insurance contract services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. Coverage units are discounted and are updated at each reporting period to reflect the current best estimate of services expected to be provided in future periods. The Group determines the quantity of the benefits provided for members' annuities in each reporting period based on the annuity payouts expected to be received by the members.

When a loss component exists, the loss component is released based on a systematic allocation of subsequent changes relating to future service in the fulfilment cash flows to the loss component and the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows relating to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period.

Notes to the Financial Statements

For the year ended 31 May 2024

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Insurance contracts – IFRS 17 effective 1 June 2022 (continued)

Subsequent measurement (continued)

Discount Rate

Discount rates are applied to best estimate cash flows, the risk adjustment, accretion of interest on the CSM and to discount coverage units. The bottom-up approach is applied in determining discount rates using risk-free yield curves (using the Prudential Regulation Authority ('PRA') risk-free rate curve) adjusted to reflect the characteristics of the cash flows and the liquidity of the contracts. Given that the members' annuities are unfunded with no backing assets, the illiquidity premium is set to be consistent with the IFRS 17 illiquidity premiums observed in the market for annuity business' of UK insurers.

The discount rate assumption for members' annuities has been set equal to PRA risk-free curve plus an illiquidity premium of 1.67% (2023: 1.68%). Refer to Note 19 for the sensitivity analysis.

Risk Adjustment

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk as the contract is fulfilled. The Group estimates the risk adjustment separately from other components of the fulfilment cash flows using a cost of capital approach. It is calculated by projecting risk capital over the entire coverage period, discounting and applying a cost of capital assumption.

The risk capital at each point in time reflects the increase in the present value of claims when the non-financial risks over a one-year time horizon are stressed at a 1 in 10-year level, where the non-financial risks cover longevity, entry age of new members, future profit growth and member withdrawal rates.

Over a one-year time horizon the confidence level associated to the risk adjustment is 84% (2023: 85%). This is equivalent to estimating that the probability that adverse changes in best estimate liabilities from non-financial risk over the next year exceed the amount of the risk adjustment is less than 16%. This is translated, using statistical approximations, into an equivalent confidence level on a value at risk basis over the expected lifetime of in-force annuity policies of approximately 64% (2023: 64%) at the end of the reporting period.

Presentation

The members' annuities and retirement annuities are grouped as a single portfolio of insurance contracts which are presented in the balance sheet within non-current liabilities. A portfolio of insurance contracts is presented as a whole and cannot be split into its current and non-current cash flows, therefore the insurance contract liabilities are classified as non-current due to the long-term nature of the fulfilment of the respective obligations with the majority of those due to be settled beyond the next twelve months. The members' annuities and retirement annuities are disclosed as a single portfolio of insurance contracts as they are subject to similar risks and are similar products, being the payment of annuities to retired partners. A maturity analysis of the estimated future cash flows for these annuities is provided in note 19.

The Group disaggregates the amounts recognised in the income statement into insurance revenue, insurance service expense and finance (expense)/income from insurance contracts.

Insurance revenue

The Group recognises insurance revenue in each reporting period at an amount which reflects the provision of services arising from the group of insurance contracts in the period. For both the Group and LLP, insurance revenue is comprised of:

- The release of the CSM in the period;
- The release of risk adjustment included within the liability for remaining coverage; and
- The amount of claims (i.e. annuity payments) expected to be paid in the period to members based on estimates at the start of the reporting period, also released from the liability for remaining coverage.

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Insurance contracts – IFRS 17 effective 1 June 2022 (continued)

Presentation (continued)

Insurance service expense

Insurance service expenses include the amount of actual claims paid to members during the reporting period. These amounts are included in the liability for incurred claims and are ordinarily settled in cash by the end of the reporting period. Insurance service expenses also includes the recognition and reversal of onerous losses on groups of insurance contracts.

Finance (expense)/income from insurance contracts

Insurance finance expenses or income present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts. Finance (expense)/income from insurance contracts comprise changes in the carrying amounts of the group of insurance contracts arising from:

- Accretion of interest on CSM;
- Unwind of discounting on fulfilment cash flows; and
- Impact of financial assumption changes (such as inflation rates and discount rates) upon fulfilment cash flows.

These effects are recognised as finance (expense)/income from insurance contracts in the consolidated income statement.

Trade receivables

Trade receivables are recognised initially at their transaction price as defined by IFRS 15 and subsequently measured at amortised cost less expected credit losses.

Trade receivables are recognised when the right to consideration becomes unconditional and an invoice to the customer is raised. The Group’s customers, including Deloitte NSE group undertakings and member firms in the Deloitte Touche Tohmatsu Limited (‘DTTL’) network, are required to settle invoices on invoice presentation or on such other date as is agreed in the engagement terms for that customer. The Group’s standard terms generally state that invoices are due for settlement 30 days after the invoice date and after this date invoices are considered past due. ‘Due from DTTL network firms’ and ‘customer receivables’ amounts are disclosed within ‘Trade and other receivables’ (Note 15).

Contract assets

Contract assets (presented as ‘amounts to be billed to customers’ in the prior year) represent revenues recognised in satisfying performance obligations where the Group’s right to consideration is conditional upon something other than the passage of time, such as the performance of additional performance obligations to be completed in accordance with the terms of the contract, or the final billing amount being agreed with the customer prior to amounts being billed. These amounts become unconditional when performance obligations are completed in accordance with the terms of the contract, or when the customer has agreed to the amount of final billings. These amounts are reclassified as trade receivables when billed to the customer in accordance with the agreed-upon contractual terms.

Contract liabilities

Contract liabilities (presented as ‘progress billings’ in the prior year) arise when invoices are issued, or payments are received from customers in advance of the Group satisfying the performance obligations under the contract. These liabilities are extinguished, and revenues recognised as (or when) the Group satisfies the performance obligations.

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Taxation

Taxation payable on profits of the LLP and other partnerships consolidated within the Group is solely the personal liability of the members and is, therefore, not dealt with in these financial statements. A retention from profit distributions is made to fund the taxation payments on behalf of the LLP members.

The tax expense recognised in these financial statements represents the sum of the current and deferred tax relating to consolidated corporate subsidiaries. The current tax expense is based on taxable profits of these companies. Taxable profit differs from 'profit before tax' as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Intangible assets

Intangible assets acquired separately or internally generated are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (except goodwill) and any accumulated impairment losses.

Computer software

Computer software comprises purchased software costs and costs directly associated with the development of software for internal use. Costs directly attributable to the development of internally generated computer software are recognised as intangible assets only if all the following conditions have been demonstrated:

(a) The technical feasibility of completing the intangible asset so that it will be available for use;

(b) The intention to complete the intangible asset and use it;

(c) The ability to use the intangible asset;

(d) How the intangible asset will generate probable future economic benefits;

(e) The availability of adequate technical, financial and other resources to complete the development and to use the intangible asset; and

(f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Directly attributable costs that are capitalised as part of the asset include employee costs and an appropriate portion of direct overheads. Other development expenditure that does not meet these criteria are recognised in the income statement as an expense as incurred.

Costs directly associated with the purchase or development of computer software are stated at cost less accumulated amortisation and amortised on a straight-line basis over the expected useful economic life of the software, typically three to fourteen years.

Customer relationships, order books, brands and contracts

Customer relationships, order books, brands and contracts recognised on the acquisition of a business are stated at fair value on acquisition and amortised on a straight-line basis over their expected useful economic life, typically five to seventeen years.

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Intangible assets (continued)

Goodwill

The acquisition method of accounting is used to account for business combinations. Goodwill arises on business combinations where the fair value of the consideration given exceeds the acquisition-date fair values of the assets acquired and liabilities assumed. Acquisition-related costs are expensed as incurred. Goodwill is capitalised as an intangible asset with an indefinite life, with any impairment in carrying value being charged to the income statement. Goodwill is capitalised and subject to an annual impairment review or more frequently if events or changes in circumstances indicate that goodwill might be impaired. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows (cash generating units, or 'CGUs'). Goodwill is allocated to the Group of CGUs that are expected to benefit from the business combination. Any impairment loss in respect of goodwill is not reversed.

Software-as-a-Service ('SaaS') arrangements

SaaS arrangements (service contracts) provide the Group with the right to access the cloud provider's application software over the contract period. The Group treats configuration and customisation costs in implementing SaaS arrangements as an operating expense (as the Group does not control the software) and recognise these costs in the income statement as the customisation and configuration services are received (where the configuration and customisation services are provided by the SaaS provider or a party acting for the SaaS provider and the configuration or customisation services are considered distinct from SaaS access or where the configuration and customisation services are provided by third parties not acting for the SaaS provider) or, in certain circumstances (where the configuration and customisation services are provided by the SaaS provider or a party acting for the SaaS provider and the configuration or customisation services are not considered distinct from SaaS access), over the SaaS contract term when access to the cloud application software is provided.

If the Group pays the supplier before receiving those services, the costs are recognised as a prepayment. The amortisation of the prepayment is recognised as an operating expense over the term of the service contract.

Costs incurred for the development that enhances or modifies, or creates additional capability to, existing on-premises systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided to write off the cost of assets less their estimated residual values, using the straight-line method, over the estimated useful lives as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Lesser of useful life, or period of lease
Computer equipment	3 – 5 Years
Fixtures and fittings	5 – 10 Years

The residual value, if material, is reassessed annually in addition to useful lives.

Assets in the course of construction are carried at cost less any recognised impairment loss. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Impairment of tangible and intangible assets including goodwill

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceed its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where the asset does not generate cash inflows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. This is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs or group of CGUs expected to benefit from the business combination.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. Impaired goodwill is never reversed.

When an impairment loss (for assets other than Goodwill) subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of impairment is recognised immediately in the income statement to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Cash and cash equivalents

Cash and cash equivalents on the balance sheet comprise cash (cash on hand and demand deposits), short term deposits and other short term highly liquid instruments. Short term deposits and other short term highly liquid instruments are presented as cash equivalents as they are readily convertible to cash, are subject to insignificant risk of changes in value and have an original maturity of three months or less from the date of acquisition. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet, as they do not meet the netting criteria of IAS 32. Bank overdrafts are shown in cash equivalents in the cash flow statement where they form an integral part of cash management.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are categorised into levels based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described below:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are inputs, other than quoted prices included in Level 1, that are directly or indirectly observable for the asset or liability; and Level 3 inputs are unobservable inputs for the asset or liability.

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ('FVTPL')) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ('FVTPL'). The amortised cost of a debt instrument is calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts excluding expected credit losses, through the expected life of the debt instrument. All debt instruments, which consist of loan receivables within other non-current assets, are subsequently measured using amortised cost (disclosed as financial assets at amortised cost).

(ii) Equity instruments

All investments are subsequently measured at fair value. The Group has made an irrevocable election in relation to the equity investments currently held (on an instrument-by-instrument basis) to designate investments in equity instruments at fair value through other comprehensive income ('FVTOCI'), with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the Members' other reserves. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instruments, but instead, it is transferred to Members' other reserves.

Dividends on these investments are recognised in the income statement in accordance with IFRS 9 'Financial Instruments' unless the dividends clearly represent a recovery of part of the cost of investment.

For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income and accumulated in Members' other reserves.

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its financial instruments carried at amortised cost. The expected credit losses are updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset. The impairment methodology applied is as follows:

(i) Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on industry and days past due. The contract assets relate to amounts to be billed to customers and have substantially the same risk characteristics as the trade receivables for the same types of contracts and therefore it has been concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has considered the economic conditions and the regulatory environment for each customer industry and considered the geographical areas in which the Group provides services.

(ii) Amounts owed by Group undertakings and debt instruments

Historical data about incurred losses is utilised as a basis for assessing the expected credit loss. Debt instruments are considered to have low credit risk, with no history of losses incurred, and therefore any loss allowance is limited to 12 months expected losses. There have been no significant changes in the economic conditions or the regulatory environment within the geographical areas in which the counterparty exists and accordingly no adjustment has been made to the historical loss rates in computing expected credit losses.

(iii) Amounts due from members

Historical data about incurred losses is utilised as a basis for assessing the expected credit loss. Amounts due from members are considered to have a low credit risk and therefore the loss allowance is limited to 12 months expected credit loss. Due to the nature of the asset, the Group has assessed that no loss allowance is required to be recognised for expected credit losses on amounts due from members.

Definition of default

Information developed internally or obtained from external sources indicating that the counterparty is unlikely to make its contractual payments to its creditors, including the Group is considered an event of default by the Group as historical experience indicates that financial assets that meet the criteria are generally not recoverable.

Credit impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- It is probable that the counterparty will enter bankruptcy or another financial reorganisation; and
- For reasons relating to the counterparty's financial difficulty, the Group has granted the counterparty concessions that the Group would not otherwise consider.

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Financial instruments (continued)

Write off policy

The Group writes off a financial asset when there is no reasonable expectation of recovery. 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.

Financial liabilities

Financial liabilities are classified as either financial liabilities at 'FVTPL' or 'amortised cost' at initial recognition. All financial liabilities held by the Group are classified at amortised cost, other than derivative instruments. Financial liabilities at amortised cost are initially measured at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial assets and liabilities

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when substantially all the risks and rewards of ownership of the asset are transferred to another entity.

Financial liabilities are derecognised only when the Group's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk including cross-currency interest rate swaps, foreign currency exchange swap contracts and foreign currency forwards. The Group recognises derivative financial instruments at the date the contract is executed. Further details of derivative financial instruments are disclosed in Note 22.

Derivatives are classified as FVTPL and initially recognised at fair value and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss in the respective period, unless the derivative is designated in an effective hedging relationship, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

As permitted by IFRS 9, an election has been made to continue to apply the hedge accounting requirements of IAS 39-Financial Instruments: Recognition and Measurement ("IAS 39") rather than the hedge accounting requirements of IFRS 9.

Cross-currency swaps are designated as cash flow hedges of foreign currency risk of issued fixed rate foreign currency borrowings. No fair value or net investment hedging relationships currently exist. At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, management assesses and documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 22 sets out details of the fair values of and movements in the derivative instruments used for hedging purposes.

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Financial instruments (continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in other operating expenses.

The following possible sources of ineffectiveness in cash flow hedge relationships have been identified:

- Changes in the credit risk of the cross-currency swaps which are not matched by the hypothetical derivative; and
- Changes in the embedded financing element included in the cross-currency swaps.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated income statement as the recognised hedged item.

Hedge accounting is discontinued when the hedging relationship is revoked, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss is accumulated in equity and is recognised when the hedged item is ultimately recognised in profit or loss. When a forecast transaction is no longer probable of occurring, the cumulative gain or loss accumulated in equity is recognised immediately in profit or loss.

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. Contracts may contain both lease and non-lease components. The Group allocates the consideration in such contracts to the lease and non-lease components on the basis of the relative stand-alone price of each lease component and the aggregate stand-alone price of the non-lease components, except for equipment contracts where the Group has elected not to separate lease and non-lease components and instead account for such contracts as a single lease. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value (i.e. below $5,000), as sets where the Group has elected not to (such as small items of office furniture and equipment). For these leases, the Group recognises the lease payments as an operating cost on a straight-line basis over the term of the lease.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate ('IBR') is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Leases (continued)

To determine the IBR, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group; and
- Makes adjustments specific to the lease, e.g. term, country, and security.

The Group is exposed to potential future increases in variable lease payments that do not depend on an index or rate which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost and comprise the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Any restoration costs.

Where the Group incurs an obligation to restore buildings to their original condition upon vacating them, a provision is recognised and measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets (“IAS 37"). To the extent that the restoration costs relate to a right-of-use asset, the costs are included in the measurement of the related right-of-use asset.

Right-of-use assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. The estimated useful life of right-of-use assets is determined on the same basis as those of the corresponding/related property, plant and equipment. The depreciation starts at the commencement date of the lease.

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group’s operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The Group remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset, when (a) the lease term changes; (b) the lease payments change; or (c) a lease contract is modified and the lease modification is not accounted for as a separate lease. If the carrying amount of the right-of-use asset has been reduced to zero, the remeasurement adjustment is recorded in the income statement. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Provisions

Provisions are recognised when a present obligation (legal or constructive) as a result of a past event exists and it is probable that a settlement of that obligation will be paid and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle that obligation, at the balance sheet date, in consideration of the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). With respect to professional liability claims and regulatory proceedings, a provision representing the cost of defending and concluding claims is made in the financial statements for all claims and regulatory proceedings where costs are likely to be incurred and can be measured reliably.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee Benefits

Retirement benefit obligations

The Group provides retirement benefits through defined contribution schemes and defined benefit schemes.

Payments to defined contribution schemes are recognised as an expense when employees have rendered service entitling them to the contributions. To the extent that amounts remain unpaid at the balance sheet date, the amounts are included in trade and other payables.

The cost of providing benefits under the defined benefit pension schemes is determined using the projected unit credit method, with actuarial valuations carried out at each balance sheet date. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (where applicable) and the return on scheme assets (excluding amounts included in finance costs) are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to members' other reserves through other comprehensive income in the period in which they occur; such reserves are not reclassified to the consolidated income statement.

Net interest cost is calculated by applying a discount rate to the net defined benefit liability or asset; net interest cost is presented as a finance cost.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs. The net defined benefit liability or asset recognised in the balance sheet is the deficit or surplus, adjusted for the effect of limiting the net defined benefit asset to the asset ceiling.

When a defined benefit scheme has a surplus, meaning that the fair value of plan assets exceeds the present value of the defined benefit obligations, the Group measures the net defined benefit asset at the lower of the surplus and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group establishes any past service cost, gain, or loss on settlement, without considering the impact of the asset ceiling. This amount is then recognised in profit or loss. Subsequently, the Group determines the effect of the asset ceiling after the plan amendment, curtailment, or settlement. Any change in the effect, excluding amounts included in net interest, is then recognised in other comprehensive income.

Notes to the Financial Statements

For the year ended 31 May 2024

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Employee Benefits (continued)

Where contributions payable to cover a shortfall on a funding basis, under a minimum funding requirement, will not be available after they have been paid into the plan for refund or reduction in future contributions, the Group recognises an additional liability when the obligation to makes such contributions arises. This reduces the net defined benefit asset or increases the net defined benefit liability.

In the absence of statutory or contractual minimum funding requirements, a refund is generally only available when an unconditional right to a refund exists. Therefore, without an unconditional right to refund a net defined benefit asset cannot be recognised and any surplus should be fully restricted under the requirements of the asset ceiling.

Members

Members' capital

The capital requirements for the LLP are determined by the Deloitte NSE Board, with input from the Senior Partner and Chief Executive. Each member is required to subscribe to capital. The capital contribution is calculated in relation to the allocated number of units for each member. No interest is paid on capital.

Capital is not repayable until the member retires or withdraws from the LLP. Members are required to give a minimum of six months' notice for exiting the LLP and the notice period must expire at the end of the financial year unless otherwise agreed by the LLP. Upon exiting the LLP, a members' capital must be repaid as soon as practicable after the retirement date. Members' capital is classified as a financial liability. Capital attributable to members who will be retiring within one year after the balance sheet date is classified as a current liability.

The cash flows associated with capital contributions paid into the LLP and repayments of capital to retiring members are classified as financing cash flows in the Statement of Cash Flows.

Allocation of profits

The allocation of profit is at the discretion of the Deloitte NSE Board in accordance with the formal member remuneration procedures in place. Each member shares in profit based on the proportion of units allocated to them. The Deloitte NSE Board, on recommendation of the Deloitte NSE Chief Executive, considers factors which, among others, include the quality of work and customer and management responsibilities in the determination of the allocation of profits to the individual members. The Audit Non-Executives also have oversight of the policies and processes for ensuring audit member remuneration reflects their contribution to audit quality.

Profits available for discretionary allocation are classified as equity and included within members' other reserves.

Once such discretionary profits are paid to members, the resulting cash flows are classified as financing cash flows in the Statement of Cash Flows.

Non-discretionary payments to members

Payments to certain members, which arise in relation to an employment contract, or a different form of contractual obligation such as capital profits, are charged to the consolidated income statement.

Such payments are classified as operating cash flows within the Statement of Cash Flows.

Amounts due to/(from) members

Current amounts due to and from members are stated at their nominal value, as this approximates to the amortised cost.

Members are entitled to draw a monthly amount against their expected share of the profit during the course of the year. The Senior Partner and Chief Executive sets the level of members' monthly drawings, with the approval of the Deloitte NSE Board.

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Members (continued)

The final allocation of profits and distribution to members is made after assessing each members' contribution for the year and once the annual financial statements are approved. Unallocated profits are included in reserves within members' other reserves in equity.

Where a members' drawings exceed the actual profit allocation during the year, the net amount due from the member is included under current assets in amounts due from members. If the profit allocation exceeds the members' drawing, the net amount is included under current liabilities within amounts due to members. This number is determined on a member-by-member basis. The amounts due to or from members that retired during the current year are classified on the same basis.

2.2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and expectations of future events that are considered reasonable in the circumstances. Actual results may differ from those estimated.

Critical accounting judgements identified for the Group

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Transition approach to IFRS 17

For members' annuity contracts issued before 1 June 2022, the date of transition to IFRS 17, the Group concluded that it would be impracticable to apply the standard on a fully retrospective basis due to the inability of determining the risk adjustment, a new requirement introduced by IFRS 17, in the pre-transition years without the application of hindsight. The risk adjustment quantifies and measures the uncertainty of a contract based on the entity's risk appetite at the date of issuing and pricing an insurance contract. The Group did not have in place a methodology or framework that could quantify the uncertainty for non-financial risks in the valuation of insurance contracts based on management's risk appetite in the way IFRS 17 describes before 2024, when it established for the first time its risk adjustment model and methodology for the purposes of reporting under IFRS 17.

Given the above limitation, the Group has elected to apply the fair value approach to determine the impact of IFRS 17 on the transition date. More information and details on the Group's impracticability assessment is provided in Note 2.3.

Insurance contract liabilities for members' annuities

The Group has applied certain judgements in determining the value of the insurance contract liabilities for members' annuities. The judgements applied by the Group are to determine the technique for estimating the risk adjustment, to determine the characteristics which make the members' annuity illiquid, the level of illiquidity premium to apply to the discount rate and how the illiquidity premium is determined. Further details of the discount rate and risk adjustment assumptions are set out in Note 2.1.

The Group continues to review its assumptions and data points used to determine the illiquidity premium and risk adjustment and will continue to analyse emerging trends and make adjustments in future periods where appropriate.

The key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below and in Note 19.

2. Accounting policies (continued)

2.2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty identified for the Group

The key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

Estimates of future cash flows to fulfil insurance contracts

Following the adoption of IFRS 17, the Group estimates future cash flows based on the projection of the benefits payable to current and former members after retirement, based on their service to date and expected future service. This is based on deterministic best estimate assumptions for future inflation, unit growth, life expectancy and other demographic assumptions. These assumptions are reassessed at each reporting date to reflect conditions existing at the measurement date.

The focus of sensitivities is on assumptions which could lead to a material change in the valuation of the insurance liabilities in a way that could have a significant impact on the Group's profit before tax and equity. Uncertainty in the estimation of future cash flows to make payments for members' annuities arises primarily from the unpredictability of inflation as disclosed in Note 19. The inflation curves used are as follows:

£'million	1 year	5 years	10 years	15 years	20 years	40 years
2024	4.3%	3.6%	3.5%	3.5%	3.2%	2.9%
2023	3.4%	3.5%	3.6%	3.6%	3.3%	3.3%

The impact from changing life expectancy assumption does not have a material impact on the carrying amount of insurance contract liabilities nor the current year profit or loss or equity. The carrying amount of insurance contract liabilities is not sensitive to changes in life expectancy assumptions largely because changes in fulfilment cash flows would adjust the contractual service margin and together these amounts are included in the carrying amount of insurance contract liabilities.

Discount rates

The Group uses discount rates to calculate the time value of money on its insurance contract liabilities. Information about the judgments made in the approach to determine discount rates, including illiquidity premium is presented in Note 2.1. The yield curves that were used to discount the estimates of future cash flows are as follows:

£'million	1 year	5 years	10 years	15 years	20 years	40 years
2024	6.7%	5.8%	5.7%	5.7%	5.7%	5.5%
2023	6.9%	6.1%	5.7%	5.7%	5.6%	5.3%

These assumptions are reassessed at each reporting date to reflect conditions existing at the measurement date. The sensitivities are disclosed within note 19.

Fair value of insurance contract liabilities at the transition date

The measurement of the fair value of members' annuities at the transition date constitutes a key source of estimation uncertainty. The determination of the fair value followed the principles of IFRS 13 and was based on the annuity buy-out market pricing calculated at 1 June 2022. Further information on the FVA is set out in Note 2.3.

Revenue stage of completion

In determining revenue on customer engagements, management makes certain estimates as to the stage of completion of those engagements. Management estimates the remaining time and external costs to be incurred in completing the engagements and the customer's willingness and ability to pay for the services provided. A different assessment of the outcome on an engagement may result in a different value being determined for revenue and also a different carrying value being determined for contract assets. A 5% movement in contract assets (Group: £811 million at 31 May 2024) would result in a change in Group revenue of £41 million.

Notes to the Financial Statements

For the year ended 31 May 2024

2. Accounting policies (continued)

2.2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty identified for the Group (continued)

Retirement benefit obligation

The pension assets/liabilities in respect of the UK and Swiss defined benefit schemes have been independently valued using certain assumptions relating to discount rate, inflation and mortality. For the discount rate assumption on the UK scheme, there is a significant risk of a material adjustment to the carrying amount in the next financial year arising from reasonably possible changes to those assumptions. Further details of the estimates and assumptions are set out in Note 21. The Group continues to review these assumptions against experience and market data and adjustments will be made in future periods where appropriate.

Provision for claims and regulatory proceedings

The liabilities disclosed for claims and regulatory proceedings are determined by assessing the probable outcome of claims and regulatory proceedings and estimating the level of costs likely to be incurred in defending and concluding these matters. Further details of the estimate are set out in Note 18.

2. Accounting policies (continued)

2.3 Amendments to IFRSs adopted by the Group

New standards that have been adopted in the current year that have a significant effect on the Group are:

Impact of application of IFRS 17

The Group has applied IFRS 17 'Insurance Contracts' for the first time in its report to the members and consolidated financial statements and as a result comparative amounts and the members' interests' position at 1 June 2022 have been restated to reflect this. The application of IFRS 17 has resulted in a significant change to the way the Group accounts for members' annuities.

The Group has adopted IFRS 17 from 1 June 2023 and comparative information has been retrospectively restated from the transition date of 1 June 2022. IFRS 17 establishes principles for the recognition, measurement, and presentation and disclosure of insurance contracts. A summary of the impact is set out below.

The Group's change in accounting policies arising from the adoption of IFRS 17 has been made in accordance with the transitional provisions of the standard. IFRS 17 requires entities to apply the standard retrospectively, unless it is impracticable to do so. Under the full retrospective approach ('FRA'), transition impacts are calculated as if IFRS 17 had always applied and the use of hindsight is prohibited.

The Group applied FRA for retirement annuities that were in force at the transition date.

Impracticability assessment for members' annuities

The most significant impediment in applying IFRS 17 retrospectively was the inability to determine the risk adjustment in the years prior to transition without significant application of hindsight. The risk adjustment, a new requirement under IFRS 17, quantifies and measures the compensation the entity would require for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils insurance contracts. This concept of compensation to take on non-financial risks differs from any pre-existing risk-based allowances used for statutory reporting purposes and given the Group is not a regulated insurance entity, it did not have any form of risk adjustment framework or methodology before the adoption of IFRS 17.

The Group established its methodology and model for calibrating the risk adjustment in 2024, as part of the Group's preparations to apply IFRS 17 for the first time in its consolidated financial statements for the year ended 31 May 2024. The Group decided to adopt the cost of capital approach to measure the risk adjustment. The cost of capital approach quantifies the additional capital the Group would need to hold in order to accept the extra non-financial risk from the issued insurance contracts. The risk adjustment is calculated as the projection of the risk capital discounted using IFRS 17 discount rates and multiplied by a cost of capital rate, which the Group set it to 6%.

As part of its risk adjustment methodology, the Group also identified the non-financial risks to be stressed and determined the stressing factors to be applied. The Group's risk adjustment methodology is explained in more detail in Note 2.1.

Using the above-mentioned technique, methodology and underlying assumptions to estimate the risk adjustment for groups of insurance contracts issued before the transition date would inevitably result in the use of hindsight which is prohibited when applying an accounting standard retrospectively.

Having concluded that it would be impracticable to apply the standard retrospectively, the Group opted to apply one of the two other alternative approaches offered by IFRS 17 in order to determine the impact of IFRS 17 on transition, the fair value approach.

2. Accounting policies (continued)

2.3 Amendments to IFRSs adopted by the Group (continued)

Impact of application of IFRS 17 (continued)

Application of the Fair Value Approach for members' annuities

Under the fair value approach, the CSM recognised at the transition date has been calculated as the difference between the fair value of the groups of contracts existing on that date and their fulfilment cash flows as determined on the transition date. The fair value has been derived in accordance with the IFRS 13 Fair Value Measurement principles (except a demand deposit floor was not applied) and represents the price a market participant would require to assume the insurance contract liabilities in an orderly transaction.

Although there are no quoted market prices available for members' annuities contracts, there is a strong market in trading annuity liabilities as many annuity scheme trustees have taken action to 'buy-out' their liabilities with an insurer. Such annuity (pension) liabilities are very similar in nature to the members' annuity obligations. The Group estimated the amount that an insurer (as an example of a reasonable third party that would buy such a contract) would expect to be reimbursed in taking on the annuity obligations, based on experience of pension buy-out market pricing as at the transition date for calculation of the IFRS 13 fair value. In determining the fair value under this method, the Group took into account the characteristics of the members' annuity obligations, including their cashflows, mortality and inflation risk.

The assumption of future profit expectations used in valuing the members' annuity contracts is an unobservable input. This is assumed to increase in line with the CPI inflation curve stated in the table below and is also used to determine the impact of the profit cap. The Group's profits that determine the annuity payouts is capped at 8% of the annual operating profits. This input is used in conjunction with other inputs to calculate the fair value of the underlying liabilities based on anticipated modelled cash flows. Given the unobservable nature of the input, the fair value measurement is categorised as Level 3 within the fair value hierarchy.

The Group has also taken advantage of the simplification permitting contracts in different annual cohorts to be placed into a single group of contracts.

	1 year	5 years	10 years	15 years	20 years	40 years
CPI inflation curve	4.2%	2.3%	3.9%	3.7%	3.1%	2.7%

The yield curves that were used to discount the estimates of future cash flows are as follows:

	1 year	5 years	10 years	15 years	20 years	40 years
Discount rate	1.83%	2.02%	2.44%	2.75%	2.82%	2.53%

The following table provides sensitivities to changes in key inputs used to determine the fair value of insurance contract liabilities. Figures shown in the table represent the estimated impact on the fair value of each sensitivity in isolation.

	Change in variable	Increase (reduction) in profit before tax	Increase (reduction) in insurance contract liabilities	Increase (reduction) in equity
Discount rate	1.00% reduction	(373)	373	(373)
	1.00% increase	294	(294)	294
Long term profit growth	0.50% reduction	82	(82)	82
	0.50% increase	(84)	84	(84)

2. Accounting policies (continued)

2.3 Amendments to IFRSs adopted by the Group (continued)

Impact of application of IFRS 17 (continued)

The impact of transition to IFRS 17 on the LLP and Group's results for the year ended 31 May 2023 increased profit before and after tax by £141 million compared to results previously reported.

Upon transition to IFRS 17 on 1 June 2022, the LLP and Group's total equity reduced by £559 million and this relates wholly to members' interest. This reduction in equity is driven by the update to a probability-weighted estimate (expected value) of the best estimate liability from £1,444 million to £1,677 million, the establishment of the risk adjustment of £201 million and the creation of the CSM liability £125 million.

The reduction in total equity as at 31 May 2023 was £418 million, which was lower than the transition impact. This was due to the release of the CSM in the income statement, a change in the discount rate from the previous measurement model and changes in interest rates during the year end 31 May 2023.

Changes to comparative amounts

Changes to comparative amounts impact the 1 June 2022 opening balance sheet, the income statement for 2023, the 31 May 2023 balance sheet and the cash flow statement for 2023.

(a) Changes to 1 June 2022 opening balance sheet for the Group

Balance Sheet (£'million)	1 June 2022 as previously reported	Derecognition	IFRS 17 measurement	1 June 2022 restated for transition to IFRS 17
Total Liabilities	**3,923**	**(1,470)**	**2,029**	**4,482**
Current liabilities				
Provision for members' annuities	45	(45)	-	-
Trade and other payables (excluding contract liabilities)	904	(26)	-	878
Other	485	-	-	485
Non-current liabilities				
Provision for members' annuities	1,399	(1,399)	-	-
Insurance contract liabilities	-	-	2,029	2,029
Other	1,090	-	-	1,090
Equity	**(531)**	**1,470**	**(2,029)**	**(1,090)**

(b) Changes to 1 June 2022 opening balance sheet for the LLP

Balance Sheet (£'million)	1 June 2022 as previously reported	Derecognition	IFRS 17 measurement	1 June 2022 restated for transition to IFRS 17
Total Liabilities	**3,391**	**(1,470)**	**2,029**	**3,950**
Current liabilities				
Provision for members' annuities	45	(45)	-	-
Trade and other payables (excluding contract liabilities)	603	(26)	-	577
Other	326	-	-	326
Non-current liabilities				
Provision for members' annuities	1,399	(1,399)	-	-
Insurance contract liabilities	-	-	2,029	2,029
Other	1,018	-	-	1,018
Equity	**(698)**	**1,470**	**(2,029)**	**(1,257)**

2. Accounting policies (continued)

2.3 Amendments to IFRSs adopted by the Group (continued)

Impact of application of IFRS 17 (continued)

(c) Changes to 31 May 2023 comparative balance sheet for the Group

Balance Sheet (£'million)	31 May 2023 as previously reported	Derecognition	IFRS 17 measurement	31 May 2023 restated for implementation of IFRS 17
Total Liabilities	**3,713**	**(1,192)**	**1,610**	**4,131**
Current liabilities				
Provision for members' annuities	50	(50)	-	-
Trade and other payables (excluding contract liabilities)	1,002	(20)	-	982
Other	597	-	-	597
Non-current liabilities				
Provision for members' annuities	1,122	(1,122)	-	-
Insurance contract liabilities	-	-	1,610	1,610
Other	942	-	-	942
Equity	**(230)**	**1,192**	**(1,610)**	**(648)**

(d) Changes to 31 May 2023 comparative balance sheet for the LLP

Balance Sheet (£'million)	31 May 2023 as previously reported	Derecognition	IFRS 17 measurement	31 May 2023 restated for implementation of IFRS 17
Total Liabilities	**3,181**	**(1,192)**	**1,610**	**3,599**
Current liabilities				
Provision for members' annuities	50	(50)	-	-
Trade and other payables (excluding contract liabilities and amounts owed to Group undertakings)	643	(20)	-	623
Other	471	-	-	471
Non-current liabilities				
Provision for members' annuities	1,122	(1,122)	-	-
Insurance contract liabilities	-	-	1,610	1,610
Other	895	-	-	895
Equity	**(525)**	**1,192**	**(1,610)**	**(943)**

Notes to the Financial Statements

For the year ended 31 May 2024

2. Accounting policies (continued)

2.3 Amendments to IFRSs adopted by the Group (continued)

Impact of application of IFRS 17 (continued)

(e) Changes to 31 May 2023 consolidated income statement

Income Statement (£'million)	As previously reported 2023	Derecognition	IFRS 17 measurement	2023 restated for implementation of IFRS 17
Revenue	5,609	-	-	5,609
Operating expenses				
Employee costs	(2,789)	-	-	(2,789)
Depreciation and amortisation	(119)	-	-	(119)
Other operating expenses	(1,670)	(273)	-	(1,943)
Insurance service result				
Insurance revenue	-	-	64	64
Insurance service expense	-	-	(49)	(49)
Profit on disposal of pension advisory business	34	-	-	34
Operating profit	**1,065**	**(273)**	**15**	**807**
Net finance expenses	(56)	50	-	(6)
Finance income from insurance contracts	-	-	349	349
Profit before tax and members' capital profit share	**1,009**	**(223)**	**364**	**1,150**
Tax expense on corporate subsidiaries	(31)	-	-	(31)
Profit before members' capital profit share	**978**	**(223)**	**364**	**1,119**
Members' capital profit share charged as an expense	(38)	-	-	(38)
Profit for the year	**940**	**(223)**	**364**	**1,081**

(f) Changes to 31 May 2023 cash flow statement for the Group

Group Cash Flow Statement (£'million)	2023 as previously reported	Derecognition	IFRS 17 measurement	2023 restated for implementation of IFRS 17
Profit for the year	**940**	**(223)**	**364**	**1,081**
Adjustments for:				
Net finance expense	56	(50)	-	6
Provisions movements for the year	(210)	276	-	66
Other	191	-	-	191
Operating cash inflows before movements in working capital	**977**	**3**	**364**	**1,344**
Changes in insurance contract liabilities	-	-	(419)	(419)
Cash outflow on payments of provisions for annuities[1]	(46)	46	-	-
Increase in trade and other payables (excluding contract liabilities)	123	6	-	129
Other	(359)	-	-	(359)
Cash generated by operations	**695**	**55**	**(55)**	**695**

Notes to the Financial Statements

For the year ended 31 May 2024

2. Accounting policies (continued)

2.3 Amendments to IFRSs adopted by the Group (continued)

Impact of application of IFRS 17 (continued)

(g) Changes to 31 May 2023 cash flow statement for the LLP

Group Cash Flow Statement (£'million)	2023 as previously reported	Derecognition	IFRS 17 measurement	2023 restated for implementation of IFRS 17
Profit for the year	**827**	**(223)**	**364**	**968**
Adjustments for:				
Net finance expense	57	(50)	-	7
Provisions movements for the year	(208)	276	-	68
Other	71	-	-	71
Operating cash inflows before movements in working capital	**747**	**3**	**364**	**1,114**
Changes in insurance contract liabilities	-	-	(419)	(419)
Cash outflow on payments of provisions for annuities[1]	(46)	46	-	-
Increase in trade and other payables (excluding contract liabilities and amounts owed to Group undertakings)	66	6	-	72
Other	(83)	-	-	(83)
Cash generated by operations	**684**	**55**	**(55)**	**684**

1. In the changes to the cash flow statements on transition tables above, for the LLP and the Group, the 'cash outflow on payments of provisions for annuities' is now included as part of the line item 'changes in insurance contract liabilities' rather than as a separate line item as detailed in Note 19.

New standards that have been adopted in the current year that have not had a significant effect on the Group are:

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of accounting estimate – effective for periods beginning on or after 1 January 2023;
- Amendments to IAS 1 Presentation of financial statements and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of accounting policies – effective for periods beginning on or after 1 January 2023;
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction – effective for periods beginning on or after 1 January 2023;
- International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12) – effective 1 January 2023

2. Accounting policies (continued)

2.4 Impact of standards issued but not yet applied by the Group

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS S2 Climate-related Disclosures – effective 1 January 2024;
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information – effective 1 January 2024;
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) – effective 1 January 2024;
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) – effective 1 January 2024;
- Non-current Liabilities with Covenants (Amendments to IAS 1) – effective 1 January 2024;
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) – effective 1 January 2024;
- Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments to IAS 21) – effective 1 January 2025;
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) - effective 1 January 2026;
- Annual Improvements to IFRS Accounting Standards – Volume 11 – effective 1 January 2026;
- Presentation and Disclosure in Financial Statements (IFRS 18) – effective 1 January 2027; and
- Subsidiaries without Public Accountability (IFRS 19) – effective 1 January 2027.

The adoption of the above amendments are not expected to have a significant impact on either the Group or LLP's financial statements in future periods except as noted below.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information ("IFRS S1") and IFRS S2 – Climate-related Disclosures ("IFRS S2")

IFRS S1 and IFRS S2, effective 1 January 2024, have been issued by the IASB, but the standards have not yet been endorsed by the United Kingdom Endorsement Board. In the next financial year, the Group will conclude its assessment of the impact of these new standards on the presentation and disclosures of the consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18")

IFRS 18, effective 1 January 2027, has been issued by the IASB, but the standard has not yet been endorsed by the United Kingdom Endorsement Board. The Group will consider the timing of its assessment, regarding the impact of IFRS 18 on the presentation and disclosures of the consolidated financial statements, following the endorsement of the standard by the United Kingdom Endorsement Board.

Notes to the Financial Statements

For the year ended 31 May 2024

3. Revenue

The table below shows the Group's revenue from contracts with customers by business:

£'million	2024	2023
Audit & Assurance	1,090	992
Consulting	1,968	1,952
Financial Advisory	757	783
Risk Advisory	568	576
Tax & Legal	1,363	1,306
	5,746	5,609

The table below shows the Group's revenue from customers disaggregated by managed territory:

£'million	2024	2023
United Kingdom	4,908	4,820
Switzerland	825	772
Other	13	17
	5,746	5,609

Details of the Group's and LLP's trade receivables and contract assets are disclosed in Note 15 and contract liabilities in Note 16.

The Group has applied the practical expedient set out in IFRS 15 in respect of the presentation of the transaction price allocated to partially or fully unsatisfied contracts with customers either where the contract period is for a year or less or where the right to consideration corresponds directly to the performance completed to date. As at 31 May 2024 and 2023, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied on fixed price contracts with a duration of greater than one year was not material.

Notes to the Financial Statements

For the year ended 31 May 2024

4. Employee costs

Employee costs incurred during the year in respect of employees were:

£'million	Group 2024	Group 2023	LLP 2024	LLP 2023
Salaries[1]	2,364	2,282	1,269	1,203
Social security costs	262	250	154	143
Pension costs (Note 21)				
Defined contribution	249	231	164	147
Defined benefit – current and past service cost	36	26	-	-
	2,911	2,789	1,587	1,493

1. Salaries include salaries, wages, bonuses and employee benefits excluding pension costs.

The average monthly number of employees during the financial year were:

Number	Group 2024	Group 2023	LLP 2024	LLP 2023
Customer facing employees	24,058	24,032	13,769	13,363
Non-customer facing employees	4,546	4,194	4,008	3,703
	28,604	28,226	17,777	17,066

The average monthly number of employees on a full-time equivalent basis, during the financial year were:

Number	Group 2024	Group 2023	LLP 2024	LLP 2023
Customer facing employees	23,118	23,259	13,221	12,952
Non-customer facing employees	3,706	3,244	3,218	2,823
	26,824	26,503	16,439	15,775

The average monthly number of members of the Group and LLP during the year was 760 (2023: 726). The average monthly number of members on a full-time equivalent basis of the Group and LLP during the year was 749 (2023: 714).

Notes to the Financial Statements

For the year ended 31 May 2024

5. Other operating expenses

Other operating expenses incurred comprise:

£'million	2024	2023 Restated[2]
Expenses and sub-contractor costs on customer assignments	1,267	1,309
Impairment charges on non-current assets (Notes 9, 10 and 11)	2	-
Net impairment losses on financial assets	-	4
Other[1]	699	630
	1,968	1,943

1. Other primarily comprises DTTL subscription fees, IT costs, non-discretionary payments to members, consultants' costs, professional fees, property costs and rental expenses on short-term leases.

2. Prior year other operating expenses have been restated to reflect the implementation of IFRS 17 (see Note 2.3).

Fees and expenses payable to the Group's auditors, BDO LLP, are as follows:

£'000	2024	2023 Restated[1]
Audit of LLP and Group financial statements	500	350
Audit of subsidiaries' financial statements	407	397
Total audit fees	907	747
Other non-audit services	250	153

1. Prior year other non-audit services have been restated from £0.06 million to £0.15 million to include a SOC 2 assurance fee.

6. Net finance expenses

£'million	2024	2023 Restated[1]
Finance income:		
Interest income	(25)	(13)
Net interest income on defined benefit pension scheme obligations (Note 21)	(1)	-
	(26)	(13)
Finance expense:		
Interest on borrowings	12	5
Finance charges on lease liabilities (Note 11)	14	13
Unwinding of discounts on provisions (Note 18)	1	1
	27	19
Net finance expenses	1	6

1. Net finance expenses are restated to remove the impact of the unwinding of discounts on members' annuities (previously reported as £50m) as a result of the adoption of IFRS 17 (see Note 2.3).

7. Finance (expense)/income from insurance contracts

£'million	2024	2023
Interest accreted	(64)	(58)
Effect of changes in interest rates and other financial assumptions	(16)	407
Effect of changes in fulfilment cash flows at current rates when contractual service margin is unlocked at locked in rates	-	-
Finance (expense)/income from insurance contracts	(80)	349

For further details on the components of finance (expense)/income from insurance contracts, refer to Note 2.3.

8. Tax expense in corporate subsidiaries

Income tax payable on the profits of the LLP is solely the personal liability of the individual members and consequently is not dealt with in these financial statements.

Certain subsidiary entities consolidated in these financial statements are subject to taxes on their own results:

£'million	2024	2023
Current tax on income of subsidiary entities for the financial year	27	33
Deferred tax movements	2	(2)
Tax expense in corporate subsidiaries	29	31

The following table reconciles the tax expense at the standard rate to the actual tax expense:

£'million	2024	2023
Profit on ordinary activities of corporate entities before tax	115	144
UK Corporation Tax at 25% (2023: 20%[1])	29	29
Impact of items not deductible for tax purposes	(1)	4
Impact of income not taxable for tax purposes	1	-
Effect of different tax rates across the Group	(1)	-
Adjustment in respect of prior periods	-	(2)
Other adjustments	1	-
Total tax expense	29	31

1. In the prior year, the calculation of corporate tax took into account a weighted average of tax rates, where 25% and 19% were applied, resulting in an average tax rate of 20%.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. At 31 May 2024, the corporation tax payable is £3 million (2023: £7 million) and is included within 'Trade and other payables' in the balance sheet. Additionally, corporation tax receivable is £4 million (2023: £7 million) and is included within 'Trade and other receivables' in the balance sheet.

The Group's deferred tax asset of £2 million (2023: £4 million), is primarily related to temporary differences for property, plant and equipment. Deferred tax balances on temporary differences as at 31 May 2024 have been measured at 25%. Changes in corporation tax rates are accounted for when substantively enacted.

The Organisation for Economic Cooperation & Development ("OECD") reached agreement amongst various countries to implement a global minimum tax rate of at least 15% for multinationals with global revenue exceeding EUR750m ("Pillar Two"). Pillar Two rules are enshrined in UK legislation and the ultimate parent entity for these purposes will be Deloitte NSE. These rules will come into operation for the year ended 31 May 2025, and relevant tax authority notifications will be made by Deloitte NSE. Notwithstanding, the LLP is fiscally transparent and partnership profits are subject to income tax locally on UK partners at rates significantly higher than the minimum tax rate. The effective tax rate on profits for the Group's subsidiaries is also largely expected to be higher than the minimum rate. We are continuing to evaluate the potential impact of the rules, but do not expect any material impact.

Notes to the Financial Statements

For the year ended 31 May 2024

9. Intangible assets

Group

£'million	Goodwill	Computer software	Customer relationships, order books, brands and contracts	Total
Cost				
At 1 June 2022	76	33	45	154
Additions	11	-	-	11
Disposal of business	-	-	(4)	(4)
At 31 May 2023	87	33	41	161
Disposals	-	(19)	-	(19)
At 31 May 2024	87	14	41	142
Accumulated amortisation/impairment				
At 1 June 2022	2	26	29	57
Amortisation charge	-	2	2	4
Disposal of business	-	-	(1)	(1)
At 31 May 2023	2	28	30	60
Amortisation charge	-	1	2	3
Impairment charge	-	-	2	2
Disposals	-	(19)	-	(19)
At 31 May 2024	2	10	34	46
Net book value				
At 31 May 2024	85	4	7	96
At 31 May 2023	85	5	11	101

On 14 January 2023, the Group acquired the business and assets of Reformis, a business transformation and financial technology consultancy. This resulted in the recognition of £11 million of goodwill in the year ended 31 May 2023.

Goodwill acquired in a business combination is allocated, at acquisition, to the group of CGUs that are expected to realise economic benefits from the business combination. Goodwill is capitalised and subject to an annual impairment review or more frequently if events or changes in circumstances indicate that goodwill might be impaired. For the purpose of goodwill impairment, management have concluded that the Group's aggregation of CGUs are at the individual business level. This is the lowest level within the Group at which goodwill is monitored and regularly reviewed by management. The allocation of goodwill to each of the Group's groups of CGUs is as follows:

£'million	2024	2023
Switzerland Consulting	17	17
UK Consulting	49	49
UK Tax & Legal	16	16
Other	3	3
	85	85

9. Intangible assets (continued)

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2024 and 2023 reporting periods, the recoverable amount of the groups of CGUs was determined based on value in use calculations. The calculations use cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rates stated below. The growth rates used do not exceed the long-term average growth rate for the business in which the groups of CGUs operate.

The key assumptions in preparing these financial forecasts are revenue growth rates, gross margins and operating costs. The revenue growth rates are based on current market trends for the business in each business service line that the Group operates in. Gross margins are based on past performance and management's expectation for the future. Fixed operating costs are based on the Group's current structure and adjusted for inflationary increases, but do not include any future restructuring or cost saving measures.

The pre-tax discount rates applied to the cash flow forecasts are derived from the Group's post-tax weighted average cost of capital ('WACC'). The post-tax WACCs have been calculated using the Capital Asset Pricing Model, taking into account the cost of debt, to which specific market-related premium adjustments are made for each group of CGUs.

The pre-tax discount rate used in performing the value in use calculations, for the Group's three largest groups of CGUs, is as follows: Switzerland Consulting 10.50% (2023: 11.00%), UK Consulting 11.75% (2023: 12.00%) and UK Tax & Legal 13.00% (2023: 13.25%). A long-term growth rate of 1.6% (2023: 2.1%), used to extrapolate cash flows after the five-year forecast period, for the UK Consulting and UK Tax & Legal CGUs, is based on a UK GDP Growth rate. For the Switzerland Consulting CGU, a long-term growth rate of 1.5% (2023: 2.1%) has been used based on a Swiss GDP growth rate.

Management has performed sensitivity analysis on the key assumptions used in preparing the financial forecasts and the value in use calculations. No reasonably possible change in a key assumption used in assessing goodwill for impairment would cause the carrying amounts of the groups of CGUs to exceed their recoverable amounts.

LLP

£'million	Goodwill	Computer software	Customer relationships, order books, brands and contracts	Total
Cost				
At 1 June 2022 and 31 May 2023	19	28	14	61
Disposals	-	(19)	-	(19)
At 31 May 2024	19	9	14	42
Accumulated amortisation/impairment				
At 1 June 2022	-	24	10	34
Amortisation charge	-	1	-	1
At 31 May 2023	-	25	10	35
Amortisation charge	-	-	-	-
Impairment charge	-	-	2	2
Disposals	-	(19)	-	(19)
At 31 May 2024	-	6	12	18
Net book value				
At 31 May 2024	19	3	2	24
At 31 May 2023	19	3	4	26

At 31 May 2024, the goodwill within the LLP reflects the business acquisitions attributable to, predominantly, UK Tax & Legal.

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For the year ended 31 May 2024

10. Property, plant and equipment

Group

£'million	Leasehold improvements	Computer equipment	Fixture and fittings	Asset under construction	Total
Cost					
At 1 June 2022	284	99	67	12	462
Additions	2	17	1	14	34
Disposals	(32)	(5)	(4)	-	(41)
Transfers	-	5	-	(5)	-
Exchange differences	5	2	1	(1)	7
At 31 May 2023	259	118	65	20	462
Additions	8	26	4	59	97
Disposals	(14)	(9)	(7)	(1)	(31)
Transfers	21	1	3	(25)	-
Exchange differences	(2)	-	(1)	(1)	(4)
At 31 May 2024	272	136	64	52	524
Accumulated depreciation/impairment					
At 1 June 2022	148	64	43	-	255
Depreciation charge	20	20	5	-	45
Disposals	(32)	(5)	(4)	-	(41)
Exchange differences	2	2	-	-	4
At 31 May 2023	138	81	44	-	263
Depreciation charge	17	20	5	-	42
Disposals	(13)	(9)	(7)	-	(29)
Exchange differences	(1)	-	-	-	(1)
At 31 May 2024	141	92	42	-	275
Net book value					
At 31 May 2024	131	44	22	52	249
At 31 May 2023	121	37	21	20	199

Assets under construction for the Group mainly related to IT cost of £8 million and leasehold improvements of £43 million (2023: IT costs of £4 million and leasehold improvements of £15 million).

Capital commitments relating to property, plant and equipment contracted but not provided for at 31 May 2024 amounted to £60 million (2023: £12 million) for the Group and related principally to leasehold improvements.

Notes to the Financial Statements

For the year ended 31 May 2024

10. Property, plant and equipment (continued)

LLP

£'million	Leasehold improvements	Computer equipment	Fixture and fittings	Asset under construction	Total
Cost					
At 1 June 2022	239	92	61	10	402
Additions	2	14	1	13	30
Disposals	(30)	(4)	(4)	-	(38)
Transfers	-	6	-	(6)	-
At 31 May 2023	211	108	58	17	394
Additions	8	21	4	59	92
Disposals	(13)	(9)	(7)	-	(29)
Transfers	21	1	3	(25)	-
At 31 May 2024	227	121	58	51	457
Accumulated depreciation/impairment					
At 1 June 2022	137	57	41	-	235
Depreciation charge	16	19	4	-	39
Disposals	(30)	(4)	(4)	-	(38)
At 31 May 2023	123	72	41	-	236
Depreciation charge	12	18	4	-	34
Disposals	(13)	(8)	(6)	-	(27)
At 31 May 2024	122	82	39	-	243
Net book value					
At 31 May 2024	105	39	19	51	214
At 31 May 2023	88	36	17	17	158

Assets under construction for the LLP related to IT costs of £8 million and leasehold improvements of £43 million (2023: IT costs of £3 million and leasehold improvements of £14 million).

Capital commitments relating to property, plant and equipment contracted but not provided for at 31 May 2024 amounted to £60 million (2023: £12 million) for the LLP and related principally to leasehold improvements.

Notes to the Financial Statements

For the year ended 31 May 2024

11. Leases

Right-of-use assets

Movements in the right-of-use assets during the year were as follows:

Group

£'million	Buildings	Equipment	Motor vehicles	Total
Cost				
At 1 June 2022	768	18	12	798
Additions	15	-	13	28
Disposals	(8)	(1)	(2)	(11)
Remeasurement and other movements[1]	(1)	2	-	1
At 31 May 2023	774	19	23	816
Additions	17	2	12	31
Disposals	(12)	(3)	(11)	(26)
Remeasurement and other movements[1]	27	-	-	27
At 31 May 2024	806	18	24	848
Accumulated depreciation/impairment				
At 1 June 2022	163	9	6	178
Depreciation charge	59	4	7	70
Disposals	(8)	(1)	(2)	(11)
Remeasurement and other movements[1]	2	1	-	3
At 31 May 2023	216	13	11	240
Depreciation charge	60	4	9	73
Disposals	(12)	(3)	(11)	(26)
Remeasurement and other movements[1]	1	(1)	-	-
At 31 May 2024	265	13	9	287
Net book value				
At 31 May 2024	541	5	15	561
At 31 May 2023	558	6	12	576

1. Other movements include lease modifications and foreign exchange movements.

Notes to the Financial Statements

For the year ended 31 May 2024

11. Leases (continued)

Right-of-use assets (continued)

LLP

£'million	Buildings	Equipment	Motor vehicles	Total
Cost				
At 1 June 2022	700	13	12	725
Additions	15	-	13	28
Disposals	(6)	(1)	(2)	(9)
Remeasurement and other movements[1]	(10)	(1)	-	(11)
At 31 May 2023	699	11	23	733
Additions	17	2	12	31
Disposals	(12)	(3)	(11)	(26)
Remeasurement and other movements[1]	14	1	-	15
At 31 May 2024	718	11	24	753
Accumulated depreciation/impairment				
At 1 June 2022	146	8	6	160
Depreciation charge	50	3	7	60
Disposals	(6)	(1)	(2)	(9)
At 31 May 2023	190	10	11	211
Depreciation Charge	51	3	9	63
Disposals	(12)	(3)	(11)	(26)
At 31 May 2024	229	10	9	248
Net book value				
At 31 May 2024	489	1	15	505
At 31 May 2023	509	1	12	522

1. Other movements include lease modifications.

Amounts recognised in the income statement consist of:

£'million	Group 2024	Group 2023	LLP 2024	LLP 2023
Depreciation expense on right-of-use assets	73	70	63	60
Finance charges on lease liabilities (Note 6)	14	13	14	13
Expense relating to short-term leases	2	1	2	1
Expense relating to low-value assets	1	1	1	1

The Group has taken the recognition exemption for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as small items of office furniture and equipment). For these leases, the Group recognises the lease payments as an operating cost on a straight-line basis over the term of the lease.

The maturity analysis (the expected contractual undiscounted lease payments) of the LLP's and Group's lease liabilities is presented in Note 22.

The Group and the LLP lease buildings, equipment and vehicles. At 31 May 2024, the weighted average remaining lease term is 11 years (2023: 12 years) for the Group and 12 years (2023: 13 years) for the LLP. Such lease arrangements typically include extension and termination options which are exercised in line with business needs.

The total cash outflow for leases for the Group and LLP consists of fixed payments of £81 million (2023: £71 million) and £72 million (2023: £61 million). There are no variable payments.

At 31 May 2024, the Group and LLP had committed to leases which had not yet commenced. The total future cash outflow that had not yet commenced was £1 million (2023: £18 million).

Notes to the Financial Statements

For the year ended 31 May 2024

12. Interests in joint ventures and associates

Group

£'million	2024	2023
At 1 June	17	20
Share of results	8	-
Repayment of capital	(2)	-
Dividend received	-	(3)
At 31 May	23	17

The joint ventures and associates are listed in Note 25. No joint venture or associate is individually material to the Group.

13. Investments in subsidiaries and associates

The subsidiary undertakings of the LLP are set out in Note 25. Movements in the investments in subsidiary and associate undertakings during the year were as follows:

LLP

£'million	Subsidiary undertakings	Associate undertakings[1]	Total
Cost			
At 1 June 2022, 31 May 2023 and 31 May 2024	11	-	11
Provision			
At 1 June 2022, 31 May 2023 and 31 May 2024	3	-	3
Net book value			
At 31 May 2024	8	-	8
At 31 May 2023	8	-	8

1. The associate undertakings balances are less than £1million.

Notes to the Financial Statements

For the year ended 31 May 2024

14. Other non-current assets

£'million	Group Equity investments	Group Financial assets at amortised cost	Group Total investments	LLP Equity investments	LLP Financial assets at amortised cost	LLP Total investments
Cost						
At 1 June 2022	43	38	81	40	22	62
Additions	3	5	8	3	5	8
Disposals	(2)	-	(2)	(2)	-	(2)
Capital repayments	-	(11)	(11)	-	(13)	(13)
Fair value movements	(1)	-	(1)	(1)	-	(1)
Exchange differences	-	1	1	-	1	1
At 31 May 2023	43	33	76	40	15	55
Additions	-	8	8	-	8	8
Disposals	(30)	-	(30)	(30)	-	(30)
Capital repayments	-	(9)	(9)	-	(9)	(9)
Exchange differences	-	(1)	(1)	-	(1)	(1)
At 31 May 2024	13	31	44	10	13	23
Provision						
At 1 June 2022	-	-	-	-	-	-
At 31 May 2023 and 31 May 2024	-	-	-	-	-	-
Net book value						
At 31 May 2024	13	31	44	10	13	23
At 31 May 2023	43	33	76	40	15	55

In March 2022, the Pension Funding Partnership ('PFP' group), an asset backed funding agreement with the Deloitte UK Pension Scheme, was put into voluntary liquidation. As a result, the Group and the LLP were deemed to no longer have control and the subsidiaries were simultaneously deconsolidated and reclassified as equity investments. On 2 June 2024, the Group's and the LLP's equity investments in the PFP group were formally dissolved. On 14 February 2024, final distributions of £30 million, in the form of specie distributions, were made from the PFP group to the Group and the LLP. As a result of the final distributions (non-cash) having been made, the Group and the LLP's investment interest in the PFP group was disposed of at cost and liabilities (within other payables) due to the Group and the LLP were settled, resulting in neither gain nor loss.

Equity investments include non-controlling equity investments in non-listed entities. These investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature (Note 22).

Included within financial assets at amortised cost are loan receivables from related parties with fixed rates between 0% and 10% and floating rates between 1% and 2% above a reference rate (Note 24). Repayment dates range between payable on demand and 2036. The carrying amounts are measured at amortised cost. No loss allowance has been recognised in respect of financial assets at amortised cost as they have a very low credit risk with no history of losses being incurred.

Notes to the Financial Statements

For the year ended 31 May 2024

15. Trade and other receivables and contract assets

Trade and other receivables

£'million	Group 2024	Group Restated 2023	LLP 2024	LLP Restated 2023
Customer receivables[3]	795	723	523	473
Due from DTTL network firms[1]	175	147	107	82
Trade receivables	970	870	630	555
Amounts owed by Group undertakings[5]	-	-	38	126
Prepayments	57	82	53	38
Insurance reimbursement receivable[4]	-	58	-	58
Other receivables[2]	60	51	47	35
	1,087	1,061	768	812

1. Due from DTTL network firms includes amounts owed by Deloitte NSE Group undertakings (Note 24) as well as other DTTL member firms.

2. Other receivables primarily comprises holiday and bank holiday leave receivables, apprenticeship levy, employee travel loans, amounts receivable from retired members and corporation tax receivables due to the Group.

3. Prior year trade and other receivables have been restated to remove £795 million of contract assets for the Group and £579 million for the LLP, which are now presented as a separate line item in the balance sheet.

4. The current year insurance reimbursement receivable for the Group and the LLP is expected to be settled at least 12 months after the reporting date and therefore has been classified within non-current assets (see Note 18).

5. The prior year balance for the LLP has been restated to correct an intercompany offset posting, resulting in the amounts owed by Group undertakings balance increasing by £30 million.

As at 1 June 2022, Group and LLP trade receivables from contracts with customers amounted to £714 million and £458 million respectively.

Contract assets

£'million	Group 2024	Group 2023	Group 1 June 2022	LLP 2024	LLP 2023	LLP 1 June 2022
Contract assets[1]	811	795	711	609	579	517
	811	795	711	609	579	517

1. Contract assets were separately disclosed as 'amounts to be billed to customers' within 'trade and other receivables' in the prior year. The members have made a decision to reclassify the balance using IFRS 15 consistent terminology in order to provide better information as to Group's and LLP's financial position and to enable consistency with the current year presentation. An adjustment has been made in the balance sheets to present contract assets as a separate line item and within the cashflow statements to reflect separately movements in contract assets. The change in classification had no net impact on previously reported 'net liabilities attributable to members' or 'cash generated by operations'. There were no significant changes in the contract asset balances during the current year.

The carrying amount of trade receivables, contract assets, amounts owed by Group undertakings, insurance reimbursement receivable and certain other receivables approximates their fair value (Note 22).

Notes to the Financial Statements

For the year ended 31 May 2024

15. Trade and other receivables and contract assets (continued)

Loss allowance – Group

The closing loss allowances reconcile to the opening loss allowances as follows:

	Trade receivables		Contract assets	
£'million	2024	2023	2024	2023
At 1 June	22	22	3	4
Increase in loss allowance recognised during the year	-	2	-	-
Individually credit impaired receivables	8	2	-	-
Unused amount reversed	(8)	(1)	-	(1)
Receivables written off during the year as uncollectable	(5)	(3)	-	-
At 31 May	17	22	3	3

The loss allowances as at 31 May 2024 was determined as follows:

Group	Trade receivables						
£'million	30 days or less	31 to 90 days	91 to 180 days	More than 181 days	Total	Contract assets	Total
Gross carrying amount	583	289	81	34	987	814	1801
Expected credit loss rate	0.32%	0.47%	1.74%	3.82%		0.32%	
Collectively assessed loss allowance	(2)	(1)	(1)	(1)	(5)	(3)	(8)
Individually assessed loss allowance	-	-	(1)	(11)	(12)	-	(12)
Total loss allowance	(2)	(1)	(2)	(12)	(17)	(3)	(20)
Net balance	581	288	79	22	970	811	1,781

The loss allowance as at 31 May 2023 was determined as follows:

Group	Trade receivables						
£'million	30 days or less	31 to 90 days	91 to 180 days	More than 181 days	Total	Contract assets	Total
Gross carrying amount	472	311	77	32	892	798	1,690
Expected credit loss rate	0.42%	0.66%	2.22%	5.80%		0.42%	
Collectively assessed loss allowance	(2)	(2)	(1)	(2)	(7)	(3)	(10)
Individually assessed loss allowance	-	-	-	(15)	(15)	-	(15)
Total loss allowance	(2)	(2)	(1)	(17)	(22)	(3)	(25)
Net balance	470	309	76	15	870	795	1,665

Notes to the Financial Statements

For the year ended 31 May 2024

15. Trade and other receivables and contract assets (continued)

Loss allowance – LLP

The closing loss allowances reconcile to the opening loss allowances as follows:

	Trade receivables		Contract assets	
£'million	2024	2023	2024	2023
At 1 June	15	16	2	4
Increase in loss allowance recognised during the year	-	2	-	-
Individually credit impaired receivables	5	1	-	-
Unused amount reversed	(4)	(1)	-	(2)
Receivables written off during the year as uncollectable	(4)	(3)	-	-
At 31 May	12	15	2	2

The loss allowance as at 31 May 2024 was determined as follows:

	Trade receivables						
£'million	30 days or less	31 to 90 days	91 to 180 days	More than 181 days	Total	Contract assets	Total
Gross carrying amount	411	165	40	26	642	611	1,253
Expected credit loss rate	0.32%	0.47%	1.74%	3.82%		0.32%	
Collectively assessed loss allowance	(1)	(1)	(1)	(1)	(4)	(2)	(6)
Individually assessed loss allowance	-	-	-	(8)	(8)	-	(8)
Total loss allowance	(1)	(1)	(1)	(9)	(12)	(2)	(14)
Net balance	410	164	39	17	630	609	1,239

The loss allowance as at 31 May 2023 was determined as follows:

	Trade receivables						
£'million	30 days or less	31 to 90 days	91 to 180 days	More than 181 days	Total	Contract assets	Total
Gross carrying amount	318	185	46	21	570	581	1,151
Expected credit loss rate	0.42%	0.66%	2.22%	5.80%		0.42%	
Collectively assessed loss allowance	(1)	(1)	(1)	(1)	(4)	(2)	(6)
Individually assessed loss allowance	-	-	-	(11)	(11)	-	(11)
Total loss allowance	(1)	(1)	(1)	(12)	(15)	(2)	(17)
Net balance	317	184	45	9	555	579	1,134

Notes to the Financial Statements

For the year ended 31 May 2024

16. Trade and other payables and contract liabilities

Trade and other payables

£'million	Group 2024	Group Restated 2023	LLP 2024	LLP Restated 2023
Trade payables[3]	52	29	43	22
Due to DTTL network firms[1]	118	86	75	51
Amounts owed to Group undertakings[5]	-	-	33	30
Corporation tax	3	7	-	-
Social security and other taxes	176	158	127	121
Accruals[4]	594	609	372	356
Others[2]	41	93	32	73
	984	982	682	653

1. Due to DTTL network firms includes amounts owed to Deloitte NSE Group undertakings (Note 24) as well as other DTTL member firms.

2. Other payables primarily comprise outstanding amounts due to retired members and employee expenses to be reimbursed. In 2023, other payables also included amounts due to the Pension Funding Partnership (which has been liquidated in the current year) and pension scheme contributions (Note 21).

3. Prior year trade and other payables have been restated to remove £338 million of contract liabilities for the Group and £226 million for the LLP, which are now presented as a separate line item in the balance sheet.

4. Due to the application of IFRS 17, prior year retirement annuities amounting to £20 million has been removed from 'accruals' and included within 'insurance contract liabilities' (Note 2.3).

5. The prior year balance for the LLP has been restated to correct an intercompany offset posting, resulting in the amounts owed to Group undertakings balance increasing by £30 million.

Contract liabilities

£'million	Group 2024	Group 2023	Group 1 June 2022	LLP 2024	LLP 2023	LLP 1 June 2022
Contract liabilities[1]	367	338	394	256	226	252
	367	338	394	256	226	252

1 Contract liabilities were separately disclosed as 'progress billings' within 'trade and other payables' in the prior year. The members have made a decision to reclassify the balance using IFRS 15 consistent terminology in order to provide better information as to Group's and LLP's financial position and to enable consistency with the current year presentation. An adjustment has been made in the balance sheets to present contract liabilities as a separate line item and within the cashflow statements to reflect separately movements in contract liabilities. The change in classification had no net impact on previously reported 'net liabilities attributable to members' or 'cash generated by operations'. There were no significant changes in the contract liabilities balance during the current year.

The carrying amount of trade payables, due to DTTL network firms, amounts owed to Group undertakings and certain accruals and other payables approximates to their fair value (Note 22).

Group

During the financial year ended 31 May 2024, £321 million (2023: £382 million) of the Group's £338 million (2023: £394 million) prior year recorded contract liabilities were recognised as revenue.

LLP

During the financial year ended 31 May 2024, £217 million (2023: £248 million) of the LLP's £226 million (2023: £252 million) prior year recorded contract liabilities were recognised as revenue.

Notes to the Financial Statements

For the year ended 31 May 2024

17. Cash and cash equivalents and borrowings

Cash and cash equivalents comprise:

£'million	Group 2024	Group 2023	LLP 2024	LLP 2023
Cash at bank	109	171	55	43
Demand deposits	105	50	105	50
Cash equivalents:				
Over-night deposits	35	5	35	5
Short-term fixed deposits	99	37	36	37
Short-term liquidity funds	220	310	220	310
	568	573	451	445

Cash and cash equivalents include cash at bank, short-term deposits held with banks and other short-term highly liquid instruments with original maturities of three months or less from the date of acquisition and which are subject to insignificant risk of changes in value. The carrying amount of 'Cash and cash equivalents' approximates fair value owing to the short maturity of these instruments.

Borrowings comprise:

£'million	Group 2024	Group 2023	LLP 2024	LLP 2023
Unsecured borrowings at amortised cost				
Private Placement Loan Notes	200	113	200	113
	200	113	200	113

£'million	Group 2024	Group 2023	LLP 2024	LLP 2023
Amounts due for settlement within 12 months	-	113	-	113
Amounts due for settlement after 12 months	200	-	200	-
	200	113	200	113

Private Placement Loan Notes (the 'Notes')

The coupons and maturities on the Notes are as follows:

Title	Year Issued	Principal Value	Maturity	Semi Annual Coupon
Series A	2023	£180 million	14 November 2033	6.17%
Series B	2023	£20 million	14 November 2035	6.25%

On 14 November 2023, the UK and Swiss National Practice issued new senior unsecured Private Placement Loan Notes comprising:

- Series A notes with a principal value of £180m maturing in November 2033 with a Semi-Annual Coupon of 6.17%
- Series B note with a principal value of £20m maturing November 2035 with a Semi-Annual Coupon of 6.25%

The weighted average interest cost of the notes during the year was 6.18% (2023: 4.38%). The Group and LLP have an option to prepay at any time all, or any part (not less than 5% of the aggregate principal amount of the notes of all series then outstanding) of the notes at the principal (including accrued interest) plus a make-whole premium.

Furthermore, upon the occurrence of certain events, the notes can be prepaid at the option of Group and LLP or the holder at the principal (including accrued interest) or the principal plus a make-whole premium dependent upon the event that has occurred. The prepayment option is not closely related therefore it is an embedded derivative, with £nil fair value.

17. Cash and cash equivalents and borrowings (continued)

Private Placement Loan Notes (the 'Notes') (continued)

On 23 October 2023, the existing senior unsecured Private Placement Loan Notes detailed below were fully settled comprising:

- Series B notes with a principal value of US$126m with a Semi-Annual Coupon of 4.40%; and
- Series C note with a principal value of £10m with a Semi-Annual Coupon of 4.16%.

The cross-currency swap agreement associated with the 2013 Series B note expired simultaneously. Further details are provided in Note 22.

The current year movements on the Notes are provided below:

£'million	Series A	Series B	Series C	Total
At 1 June 2023	-	103	10	113
Settled	-	(103)	(10)	(113)
Issued	180	20	-	200
At 31 May 2024	180	20	-	200

Other facilities - Group

At 31 May 2024, the Group had total facilities of £758 million (2023: £655 million) with leading international banks. Please see Note 22 for the LLP's and Group's liquidity risk management policy. These facilities comprised:

- Revolving credit facilities totalling £705 million (2023: £600 million) which expire on 06 December 2027; and
- Overdraft facilities of £53 million (2023: £55 million) which are indefinite;

The revolving credit facilities carry an interest rate which is the aggregate of the Sterling Overnight Index Average ('SONIA'), and a margin as well as utilisation fees when drawings reach certain levels. Commitment fees are payable on the amounts undrawn.

At 31 May 2024, £nil (2023: £nil) had been drawn down against these facilities. These facilities are considered adequate to finance variations in the Group's working capital.

Other facilities - LLP

At 31 May 2024 the LLP had total facilities of £715 million (2023: £610 million) with banks. Please see Note 22 for LLP's and Group's liquidity risk management policy. These facilities include the revolving credit facilities totalling £705 million described above and a £10 million overdraft facility which is indefinite. At 31 May 2024, £nil (2023: £nil) had been drawn down against these facilities. These facilities are considered adequate to finance variations in the LLP's working capital.

Notes to the Financial Statements

For the year ended 31 May 2024

17. Cash and cash equivalents and borrowings (continued)

Cash flow reconciliations

The tables below detail changes in the Group and LLP's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified, in the Group or LLP's cash flow statements within financing activities.

Group £'million	Lease liabilities	Non-current borrowings	Current borrowings	Members' capital	Amounts due (from)/to members
At 1 June 2022	690	110	2	266	(82)
Lease payments	(58)	-	-	-	-
Interest payment	(13)	(6)	-	-	-
Reclassification	-	(113)	113	-	-
Repayment of borrowings	-	-	(2)	-	-
Repayment of capital to former members	-	-	-	(14)	-
Capital contributions by members	-	-	-	32	-
Payments to members	-	-	-	-	(658)
Interest accrued	13	6	-	-	-
Foreign exchange movements	3	3	-	-	-
Other non-cash movements [1]	33	-	-	-	686
At 31 May 2023	668	-	113	284	(54)
Lease payments	(68)	-	-	-	-
Interest payment	(14)	(7)	(2)	-	-
New borrowings raised	-	200	-	-	-
Repayment of borrowings	-	-	(114)	-	-
Repayment of capital to former members	-	-	-	(20)	-
Capital contributions by members	-	-	-	27	-
Payments to members	-	-	-	-	(717)
Interest accrued	14	7	2	-	-
Foreign exchange movements	(2)	-	1	-	-
Other non-cash movements [1]	50	-	-	-	611
At 31 May 2024	648	200	-	291	(160)

1. The Group's other non-cash movements relate to lease additions of £30 million (2023: £25 million) and remeasurements of £20 million (2023: £8 million), allocation of profit to members of £595 million (2023: £688 million) and amounts due to/from retired members of £16 million (2023:(£2 million)).

Notes to the Financial Statements

For the year ended 31 May 2024

17. Cash and cash equivalents and borrowings (continued)

Cash flow reconciliations (continued)

LLP £'million	Lease liabilities	Non-current borrowings	Current borrowings	Members' capital	Amounts due (from)/to members
At 1 June 2022	633	110	-	266	(82)
Lease payments	(48)	-	-	-	-
Interest payment	(13)	(5)	-	-	-
Reclassification	-	(113)	113	-	-
Repayment of capital to former members	-	-	-	(14)	-
Capital contributions by members	-	-	-	32	-
Payments to members	-	-	-	-	(658)
Interest accrued	13	5	-	-	-
Foreign exchange movements	-	3	-	-	-
Other non-cash movements [1]	31	-	-	-	686
At 31 May 2023	616	-	113	284	(54)
Lease payments	(58)	-	-	-	-
Interest payment	(14)	(7)	(2)	-	-
New borrowings raised	-	200	-	-	-
Repayment of borrowings	-	-	(114)	-	-
Repayment of capital to former members	-	-	-	(20)	-
Capital contributions by members	-	-	-	27	-
Payments to members	-	-	-	-	(717)
Interest accrued	14	7	2	-	-
Foreign exchange movements	-	-	1	-	-
Other non-cash movements [1]	36	-	-	-	611
At 31 May 2024	594	200	-	291	(160)

1. *The LLP's other non-cash movements relate to lease additions of £30 million (2023: £25 million) and remeasurements of £6 million (2023: £6 million), allocation of profit to members of £595 million (2023: £688 million) and amounts due to/from retired members of £16 million (2023:(£2 million)).*

Notes to the Financial Statements

For the year ended 31 May 2024

18. Provisions

Group

£'million	Property provisions	Claims and regulatory proceedings	Restated[1] Total
At 1 June 2022	52	38	90
Charge for the year	-	74	74
Additions	2	-	2
Remeasurement	(16)	-	(16)
Paid in the year	-	(15)	(15)
Unused amount released	(2)	(6)	(8)
Unwinding of discount (Note 6)	1	-	1
At 31 May 2023	37	91	128
Charge for the year	-	26	26
Additions	1	-	1
Remeasurement	7	-	7
Paid in the year	-	(65)	(65)
Unused amount released	-	(4)	(4)
Unwinding of discount (Note 6)	1	-	1
At 31 May 2024	46	48	94
Income statement (credit)/charge			
2024	1	22	23
2023	(1)	68	67

1. Prior year comparatives have been restated to reflect the implementation of IFRS 17 (see Note 2.3).

£'million	Group 2024	Group Restated[1] 2023	LLP 2024	LLP Restated[1] 2023
Included in current liabilities	27	68	27	65
Included in non-current liabilities	67	60	64	58
	94	128	91	123

1. Prior year comparatives have been restated to reflect the implementation of IFRS 17 (see Note 2.3).

Notes to the Financial Statements

For the year ended 31 May 2024

18. Provisions (continued)

LLP

£'million	Property provisions	Claims and regulatory proceedings	Restated[1] Total
At 1 June 2022	49	34	83
Charge for the year	-	72	72
Additions	2	-	2
Remeasurement	(16)	-	(16)
Paid in the year	-	(15)	(15)
Unused amount released	(1)	(3)	(4)
Unwinding of discount (Note 6)	1	-	1
At 31 May 2023	35	88	123
Charge for the year	-	14	14
Additions	2	-	2
Remeasurement	7	-	7
Paid in the year	-	(52)	(52)
Unused amount released	-	(4)	(4)
Unwinding of discount (Note 6)	1	-	1
At 31 May 2024	45	46	91
Income statement (credit)/charge			
2024	1	10	11
2023	-	69	69

1. Prior year comparatives have been restated to reflect the implementation of IFRS 17 (see Note 2.3).

Property provisions

Provisions are recognised for obligations to restore premises to their original condition upon vacating them in consultation with the relevant experts, where such an obligation exists under the lease. The provisions are based on estimated future cash flows discounted to present value, with the amortisation of that discount presented in the income statement as a finance cost. Property provisions for the Group of £46 million (2023: £37 million) are expected to be utilised by 2041 (2023: 2041). Property provisions for the LLP of £45 million (2023: £35 million) are expected to be utilised by 2037 (2023: 2037).

Claims and regulatory proceedings

The Group and its members are involved in a number of disputes in the ordinary course of business which may give rise to claims or regulatory proceedings. A provision representing the cost of defending and concluding claims or regulatory proceedings is made for all matters where costs are likely to be incurred and can be measured reliably. These are measured based upon the most likely outcome of claims however there exists significant uncertainty over the amounts and timings of such costs. This provision is expected to be utilised within the next five years (2023: five years).

The Group carries professional indemnity insurance, and no separate disclosure is made of the detail of claims covered by insurance. Where it is virtually certain that the Group will recover any payments to be made for such professional liability claims, these amounts are recognised as 'insurance reimbursement receivable' assets. At 31 May 2024, this balance was £20 million and has been presented within non-current assets (2023: £58m presented within 'trade and other receivables' (Note 15)).

Notes to the Financial Statements

For the year ended 31 May 2024

19. Insurance Contract liabilities

Reconciliation of insurance balances for liability for remaining coverage and liability for incurred claims Group and LLP

	Liabilities for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component		
At 1 June 2022				
Insurance contract liabilities	(2,003)	(26)	-	(2,029)
Insurance revenue				
Contracts under the fair value transition approach	64	-	-	64
	64	**-**	**-**	**64**
Insurance service expense				
Incurred claims and other insurance service expenses	-	9	(55)	(46)
Losses and reversal of losses on onerous contracts	-	(3)	-	(3)
Insurance service result	**64**	**6**	**(55)**	**15**
Finance income from insurance contracts	349	-	-	349
Total changes in profit or loss	**413**	**6**	**(55)**	**364**
Cash flows				
Claims paid	-	-	55	55
Total cash flows	**-**	**-**	**55**	**55**
At 31 May 2023				
Insurance contract liabilities	**(1,590)**	**(20)**	**-**	**(1,610)**

	Liabilities for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component		
At 1 June 2023				
Insurance contract liabilities	(1,590)	(20)	-	(1,610)
Insurance revenue				
Contracts under the fair value transition approach	69	-	-	69
	69	**-**	**-**	**69**
Insurance service expense				
Incurred claims and other insurance service expenses	-	10	(62)	(52)
Losses and reversal of losses on onerous contracts	-	(13)	-	(13)
Insurance service result	**69**	**(3)**	**(62)**	**4**
Finance expense from insurance contracts	(78)	(2)	-	(80)
Total changes in profit or loss	**(9)**	**(5)**	**(62)**	**(76)**
Cash flows				
Claims paid	-	-	62	62
Total cash flows	**-**	**-**	**62**	**62**
At 31 May 2024				
Insurance contract liabilities	**(1,599)**	**(25)**	**-**	**(1,624)**

Notes to the Financial Statements

For the year ended 31 May 2024

19. Insurance Contract liabilities (continued)

Reconciliation of measurement components of insurance contract balances Group and LLP

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin[1]	Total
At 1 June 2022				
Insurance contract liabilities	1,703	201	125	2,029
Changes that relate to current service				
CSM recognised for services provided	-	-	(5)	(5)
Changes in risk adjustment for non-financial risk for risk expired	-	(13)	-	(13)
Experience adjustments	3	-	-	- 3
	3	**(13)**	**(5)**	**(15)**
Changes that relate to future services				
Changes in estimates that adjust the CSM	22	(43)	21	-
Insurance service result	**25**	**(56)**	**16**	**(15)**
Finance (income)/expense from insurance contracts	(317)	(36)	4	(349)
Total change in profit or loss	**(292)**	**(92)**	**20**	**(364)**
Cash flows				
Claims paid	(55)	-	-	(55)
Total cash flows	**(55)**	**-**	**-**	**(55)**
At 31 May 2023				
Insurance contract liabilities	**1,356**	**109**	**145**	**1,610**

1. The CSM for all members' annuities has been determined following the fair value approach on transition.

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin[1]	Total
At 1 June 2023				
Insurance contract liabilities	1,356	109	145	1,610
Changes that relate to current service				
CSM recognised for services provided	-	-	(7)	(7)
Changes in risk adjustment for non-financial risk for risk	-	(10)	-	(10)
Experience adjustments	13	-	-	13
	13	**(10)**	**(7)**	**(4)**
Changes that relate to future services				
Changes in estimate that adjust the CSM	(39)	16	23	-
Insurance service result	**(26)**	**6**	**16**	**(4)**
Finance expense from insurance contracts	75	-	5	80
Total change in profit or loss	**49**	**6**	**21**	**76**
Cash flows				
Claims paid	(62)	-	-	(62)
Total cash flows	**(62)**	**-**	**-**	**(62)**
At 31 May 2024				
Insurance contract liabilities	**1,343**	**115**	**166**	**1,624**

1. The CSM for all members' annuities has been determined following the fair value approach on transition.

Notes to the Financial Statements

For the year ended 31 May 2024

19. Insurance Contract liabilities (continued)

Insurance Revenue

£'million	2024	2023
Amounts relating to the changes in liabilities for remaining coverage:		
CSM recognised for services provided	7	5
Change in risk adjustment for non-financial risk for risk expired	10	13
Expected incurred annuity payments	52	46
Total Insurance Revenue	**69**	**64**

The following table analyses the expected recognition of the CSM in profit or loss.

£'million	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total
Members' annuities								
At 31 May 2023	1	2	2	2	2	14	122	145
At 31 May 2024	2	3	3	3	3	17	135	166

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with members' annuities and retirement annuities that are settled by delivering cash. Liquidity risk in respect of liabilities arising from insurance contracts liabilities has been analysed based on the expected payment pattern of the annuities payouts. The members' annuities payouts are contingent on the Group's future profitability; hence, they are limited to the profits generated by the Group, capped at 8% of applicable Group operating profit before annuity charges. The table below presents the maturity analysis of the group of insurance contracts held that are in a liability position based on the estimated timing of the remaining contractual discounted cash flows.

£'million	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	10 to 15 years	More than 15 years	Total
Members' annuities and retirement annuities									
At 31 May 2023	59	58	56	55	55	268	243	562	1,356
At 31 May 2024	66	63	62	61	59	279	248	505	1,343

Sensitivity analysis for each significant assumption in the measurement of insurance contracts

The following table demonstrates the effect on profit before tax, insurance contract liability and equity of reasonably possible changes in key assumptions for the Group and LLP, assuming other assumptions remain unchanged. In practice this is unlikely to occur, and changes in some assumptions may be correlated.

		2024		
	Change in variable	Increase (reduction) in profit before tax	Increase (reduction) in insurance contract liabilities	Increase (reduction) in equity
Discount rate	1.00% reduction	(208)	208	(208)
	1.00% increase	169	(169)	169
Inflation rate	0.50% reduction	33	(33)	33
	0.50% increase	(29)	29	(29)

		2023		
	Change in variable	Increase (reduction) in profit before tax	Increase (reduction) in insurance contract liabilities	Increase (reduction) in equity
Discount rate	1.00% reduction	(223)	223	(223)
	1.00% increase	180	(180)	180
Inflation rate	0.50% reduction	39	(39)	39
	0.50% increase	(36)	36	(36)

Notes to the Financial Statements

For the year ended 31 May 2024

20. Members' interests

Group

£'million	Members' capital	Members' other reserves	Amounts due to/(from) members	Total
Balance at 1 June 2022 (as previously reported)	266	(531)	(82)	(347)
Impact of transition to IFRS 17	-	(559)	-	(559)
Balance at 1 June 2022 (restated[3])	266	(1,090)	(82)	(906)
Profit for the year (restated[3])	-	1,081	-	1,081
Other comprehensive income for the year	-	13	-	13
	266	4	(82)	188
Operating profit allocated to members[1]	-	(650)	650	-
Capital profit distributable to members (Note 23)	-	-	38	38
Capital contributions by members	32	-	-	32
Repayment of capital	(14)	-	-	(14)
Payments to members	-	-	(658)	(658)
Transfer out – Retired members' balances (net)[2]	-	-	(2)	(2)
Deemed distribution to parent	-	(2)	-	(2)
Balance at 1 June 2023 (restated[3])	284	(648)	(54)	(418)
Profit for the year	-	651	-	651
Other comprehensive loss for the year	-	(11)	-	(11)
	284	(8)	(54)	222
Operating profit allocated to members[1]	-	(595)	595	-
Capital contributions by members	27	-	-	27
Repayment of capital	(20)	-	-	(20)
Payments to members	-	-	(717)	(717)
Transfer out – Retired members' balances (net)[2]	-	-	16	16
Deemed distribution to parent	-	(2)	-	(2)
Balance at 31 May 2024	291	(605)	(160)	(474)

1. The unit allocation is completed after the year end, and accordingly there was no discretionary allocation of the 31 May 2023 profits in the prior year and the 2024 profits among members in the current year. As a result, those profits are included within members other reserves which represents the balance of profits available for future discretionary division among members as at 31 May 2023 and 2024. Amounts becoming due to members as a result of equity participation rights following a discretionary division of profits are reflected in the statement of changes in equity in the year in which the division occurs.

2. Balances above have been transferred out of 'Amounts due to/from members' to 'Other debtors' and 'Other creditors'.

3. Prior year comparatives have been restated to reflect the implementation of IFRS 17 (see Note 2.3).

20. Members' interests (continued)

LLP

£'million	Members' capital	Members' other reserves	Amounts due to/(from) members	Total
Balance at 1 June 2022 (as previously reported)	266	(698)	(82)	(514)
Impact of transition to IFRS 17		(559)		(559)
Balance at 1 June 2022 (restated[3])	266	(1,257)	(82)	(1,073)
Profit for the year (restated[3])	-	968	-	968
Other comprehensive income for the year	-	(2)	-	(2)
	266	(291)	(82)	(107)
Operating profit allocated to members[1]	-	(650)	650	-
Capital profit distributable to members	-	-	38	38
Capital contributions by members	32	-	-	32
Repayment of capital	(14)	-	-	(14)
Payments to members	-	-	(658)	(658)
Transfer out – Retired members' balances (net)[2]	-	-	(2)	(2)
Deemed distribution to parent	-	(2)	-	(2)
Balance at 1 June 2023 (restated[3])	284	(943)	(54)	(713)
Profit for the year	-	586	-	586
Other comprehensive income for the year	-	(2)	-	(2)
	284	(359)	(54)	(129)
Operating profit allocated to members[1]	-	(595)	595	-
Capital contributions by members	27	-	-	27
Repayment of capital	(20)	-	-	(20)
Payments to members	-	-	(717)	(717)
Transfer out – Retired members' balances (net)[2]	-	-	16	16
Deemed distribution to parent	-	(2)	-	(2)
Balance at 31 May 2024	291	(956)	(160)	(825)

1. The unit allocation is completed after the year end, and accordingly there was no discretionary allocation of the 31 May 2023 profits in the prior year and the 2024 profits among members in the current year. As a result, those profits are included within members' other reserves' which represents the balance of profits available for future discretionary division among members as at 31 May 2023 and 2024. Amounts becoming due to members as a result of equity participation rights following a discretionary division of profits are reflected in the statement of changes in equity in the year in which the division occurs.

2. Balances above have been transferred out of 'Amounts due to/from members' to 'Other receivables' and 'Other payables'.

3. Prior year comparatives have been restated to reflect the implementation of IFRS 17 see (Note 2.3).

Notes to the Financial Statements

For the year ended 31 May 2024

20. Members' interests (continued)

Group and LLP

The assets and liabilities related to members' interests are classified as:

£'million	Members' capital	Amounts due from members	Amounts due to members
2023			
Non-Current	274	-	-
Current	10	(58)	4
Balance at 31 May 2023	284	(58)	4
2024			
Non-Current	263		
Current	28	(160)	-
Balance at 31 May 2024	291	(160)	-

Members' capital is classified as a financial liability, because it is repayable when a member leaves the Group. The negative members' interests arise as a result of the members' distributable profit being determined by the Group's management accounts, which are based on different accounting policies to these financial statements.

The difference between these financial statements and the Group's management accounts (recognised on a cash accounting basis) primarily relates to the recognition of the liability of former and current members' annuities of £1,599 million (2023 restated: £1,590 million). The payment of such members' annuities is mainly conditional on the future generation of profits and is payable over a number of years with £56 million (2023 restated: £52 million) expected to be payable in the 12 months from the date of when the financial statements are authorised for issue.

Members' other reserves rank after unsecured creditors and loans, and other debts due to members ranking pari passu with unsecured creditors in the event of a winding up.

Members' profit share

The Group's distributable profits are allocated according to members' units. The unit allocation is completed after the year-end and accordingly, there was no automatic allocation of profits among the members at 31 May 2024. As a result, the balance of profit available for division among the members as at 31 May 2024 is included in members' other reserves.

Notes to the Financial Statements

For the year ended 31 May 2024

21. Employee Benefits

The cost of employee benefits included in the income statement for the year was:

£'million	Group 2024	Group 2023	LLP 2024	LLP 2023
Contributions to defined contribution scheme (Note 4)	249	231	164	147
Past and present service cost for employee benefit schemes and net interest income	35	26	-	-
	284	257	164	147

The employee benefits liability for the year was:

£'million	Group 2024	Group 2023	LLP 2024	LLP 2023
Defined benefit retirement obligation	10	4	-	-
Swiss Jubilee scheme	8	-	-	-
	18	4	-	-

Retirement benefit schemes

Defined contribution schemes

The Group's primary defined contribution scheme, the Deloitte Pension Plan ('DPP'), is a defined contribution master trust arrangement operated by Standard Life where the assets are held separately from those of the Group. The DPP is open for employees in the UK, Jersey and Guernsey (except those employees who retained their personal pension policy arrangements in the Channel Islands). For employees in the UK, a salary sacrifice arrangement also exists, known as the SMART Pensions, under which the employer contributions are increased by 5% of the employee contribution to provide a share of the Group's saving of its National Insurance contribution. This is paid into the DPP in addition to the employer contributions. Employees can opt out of the SMART pensions' arrangement of the DPP.

As at 31 May 2024, the DPP scheme had 22,501 members (2023: 23,564), of which 15,690 members (2023: 15,881) related to employees of the LLP. At 31 May 2024, the Group and LLP had £nil (2023: Group had £20 million and LLP had £13 million) contributions payable to the DPP respectively.

Defined benefit schemes

In the UK, via the Deloitte LLP entity, the Group provided retirement benefits on a defined benefit basis through the Deloitte UK Pension Scheme ('DUKPS') up until 31 March 2021. On 1 April 2021, the assets and liabilities of the Scheme were transferred to the DUKPS Section of the Deloitte Pensions Master Plan (the 'UK Scheme'). There were no changes to the benefits provided to the members.

The UK Scheme was closed to future accrual for remaining active members with effect from 31 January 2013. Under the UK Scheme, members are entitled to retirement benefits of up to two-thirds of their final salary on attainment of retirement ages between 60 and 65, depending upon their pensionable service. No other post-retirement benefits are provided. The UK Scheme is a funded scheme, with the UK Scheme assets held separately under trust to meet the long-term pension liabilities for past members. The Trustee of the UK Scheme is required by law to act in the interest of all of the beneficiaries of the UK Scheme and is responsible for the investment policy with regard to the UK Scheme assets and for determining the contribution by Deloitte LLP to the UK Scheme.

21. Employee Benefits (continued)

Retirement benefit schemes (continued)

Defined benefit schemes (continued)

In Switzerland, current pension arrangements are made through a fund operated by Basler Leben AG (the 'Swiss Scheme', and when taken together with the UK Scheme, the 'Schemes'). Under the Swiss Schemes, the final benefit is contribution-based with certain minimum guarantees. Due to these minimum guarantees, the Group's Swiss Scheme is treated as a defined benefit scheme for the purposes of these financial statements, although the Swiss Schemes have many of the characteristics of a defined contribution plan. In circumstances where an under-funding arises, this may be remedied by various measures such as increasing employee and Group contributions, lowering interest rates on retirement savings, or reducing prospective benefits.

The most recent triennial actuarial valuation of the UK Scheme, based on the 31 March 2023 funded position, was completed on 21 May 2024 by a qualified independent actuary. The valuation used for the purposes of IAS 19 Employee Benefits "(IAS 19") has been based on the results of this valuation to take account of the requirements of IAS 19 in order to value the assets and liabilities of the scheme at the balance sheet date.

On 24 July 2024, the Court of Appeal confirmed an earlier ruling by the High Court in the Virgin Media Limited vs NTL Pension Trustees II Limited case. The Group's assessment of the potential impact of this ruling on the DUKPS is currently in progress and the quantification of any impact cannot be provided until such assessment has been concluded. See Note 26 for more details.

Scheme risks

The Schemes expose the Group to risks such as investment risk, interest rate risk and longevity risk.

Investment risk

The present value of the Schemes' liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on the Schemes' assets is below this rate, it will create a deficit and potentially require further contributions from the Group.

Strategic management of the assets of the Schemes, including setting the asset allocation guidelines is the responsibility of the Trustee. The Trustee takes into consideration the Schemes' liability, the covenant of the Group and funding levels, when setting the investment strategy.

The Trustees of the Schemes continue to review the investment strategy on a regular basis.

Interest rate risk

The present value of the Schemes' liability is calculated using a discount rate determined by reference to high quality corporate bond yields. A decrease in the bond interest rate will increase the Schemes' liability. This will, however, be partially offset by an increase in the return on the Schemes' debt investments.

Longevity risk

The present value of the Schemes' liability is calculated by reference to the best estimate of the mortality of the Schemes' participants both during and after their employment. An increase in the life expectancy of the Schemes' participants will increase the Schemes' liability.

Notes to the Financial Statements

For the year ended 31 May 2024

21. Employee Benefits (continued)

Retirement benefit schemes (continued)

Assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

	2024		2023	
Percentage	**UK**	**Swiss**	**UK**	**Swiss**
Discount rate	5.2	1.6	5.3	1.9
Inflation (RPI)	3.4	-	3.2	-
Inflation (CPI)	2.8	-	2.5	-
Interest Credit on Retirement Savings	-	1.3	-	1.0
Social Security Increase	-	2.0	-	2.0
Expected increase in pension payments				
RPI subject to a maximum of 5.0 % pa	3.1	-	3.0	-
RPI subject to a maximum of 4.0% pa	2.8	-	2.8	-
RPI subject to a maximum of 2.5% pa	2.0	-	2.0	-
Expected salary increase rate	-	2.4	-	2.4

For the UK Scheme, the mortality of the Scheme members is assumed to be in line with SAPS (S3) light birth year tables with scaling factors for each member class as determined by the Actuary's Longevity Model with CMI 2023 improvements with a long-term rate of 1.25%. For the Swiss Scheme, the mortality of the Scheme members is assumed to be in line with the BVG 2020 generational tables.

The assumed life expectancy following retirement at age 65 for the UK Scheme members are as follows:

	2024	2023
Retiring today:		
Males	22	22
Females	24	24
Retiring in 20 years:		
Males	23	23
Females	25	25

21. Employee benefits (continued)

Retirement benefit schemes (continued)

Sensitivity analysis for each significant actuarial assumption

The analysis below shows the sensitivity of the value of the UK Scheme to reasonably possible changes in discount rate, inflation rate and life expectancy assumptions occurring at the balance sheet date, while holding all other assumptions constant:

Assumptions	Change in assumptions	£' million (Decrease)/Increase
Discount rate	Increase by 1.00%	(71)
	Decrease by 1.00%	79
Inflation rate	Increase by 0.50%	21
	Decrease by 0.50%	(21)
Life expectancy	Increase by 1 year	23
	Decrease by 1 year	(23)

The analysis below shows the sensitivity of the value of the Swiss Scheme to reasonably possible changes in the below assumptions occurring at the balance sheet date, while holding all other assumptions constant:

Assumptions	Change in assumptions	£' million (Decrease)/Increase
Discount rate	Increase by 0.25%	(10)
	Decrease by 0.25%	10
Expected salary increase rate	Increase by 0.25%	1
	Decrease by 0.25%	(1)

Notes to the Financial Statements

For the year ended 31 May 2024

21. Employee benefits (continued)

Retirement benefit schemes (continued)

Amounts recognised in the Income Statement

The amounts recognised in the income statement in respect of the defined benefit schemes are as follows:

£'million	Group 2024	Group 2023	LLP 2024	LLP 2023
Operating expenses – Current and past service cost	28	26	-	-
Finance costs – Asset ceiling	7	5	7	5
Finance costs – Net interest income	(8)	(5)	(7)	(5)
	27	26	-	-

Amounts recognised in the Statement of Comprehensive Income

Re-measurements recognised in the statement of comprehensive income are:

Group £'million	2024 UK	2024 Swiss	2024 Total	2023 UK	2023 Swiss	2023 Total
Return on Scheme assets (excluding amounts included in the net interest cost)	6	13	19	207	7	214
Actuarial losses/(gains) arising from changes in demographic assumptions	(5)	2	(3)	(23)	(24)	(47)
Actuarial losses /(gains)/ arising from changes in financial assumptions	24	19	43	(180)	(1)	(181)
Actuarial losses/(gains) arising from changes in experience assumptions	5	(13)	(8)	37	(1)	36
Re-measurements of defined benefit pension schemes	30	21	51	41	(19)	22
Effect of asset ceiling (excluding amounts included in the net interest cost)	(28)	(11)	(39)	(41)	11	(30)
	2	10	12	-	(8)	(8)

Funded status and Scheme assets

The amount recognised in the balance sheet arising from the obligations in respect of the defined benefit schemes is:

Group	2024			2023		
£'million	UK	Swiss	Total	UK	Swiss	Total
Fair value of Scheme assets	802	439	1,241	803	418	1,221
Present value of Scheme obligations	(700)	(448)	(1,148)	(680)	(411)	(1,091)
Funded status	102	(9)	93	123	7	130
Asset ceiling[1]	(102)	(1)	(103)	(123)	(7)	(130)
Additional minimum funding requirement	-	-	-	-	(4)	(4)
Net liability recognised in the balance sheet	-	(10)	(10)	-	(4)	(4)

1. As the Group does not have an unconditional right to a refund, an adjustment has been made in the amount of £103 million (2023: £130 million) representing the funded status where recoverability is contingent on events outside of the Group's control. The net liability for the Swiss pension schemes represents two separate schemes, where one is in surplus (£1 million) and the other is in deficit (£10 million). The Swiss schemes have been offset on the basis of materiality.

Notes to the Financial Statements

For the year ended 31 May 2024

21. Employee benefits (continued)

Retirement benefit schemes (continued)

Movement in Scheme assets

The movements in the Schemes' assets were as follows:

Group £'million	2024 UK	2024 Swiss	2024 Total	2023 UK	2023 Swiss	2023 Total
Fair value of Scheme assets at 1 June	803	418	1,221	1,025	356	1,381
Interest income	42	8	50	35	6	41
Re-measurement loss: Return on Scheme assets (excluding amounts included in net interest cost)	(6)	(13)	(19)	(207)	(7)	(214)
Group contributions	2	32	34	-	39	39
Contributions from employees	-	23	23	-	22	22
Benefits paid	(39)	(10)	(49)	(50)	(27)	(77)
Exchange movement	-	(19)	(19)	-	29	29
Fair value of Scheme assets at 31 May	802	439	1,241	803	418	1,221

Allocation and market value of Scheme assets

The allocation and market value of Scheme assets at the balance sheet date were as follows:

Group £'million		2024 UK	2024 Swiss	2024 Total	2023 UK	2023 Swiss	2023 Total
Corporate bonds	Quoted	466	-	466	414	-	414
Leverage liability hedging portfolio	Quoted	183	-	183	194	-	194
UK property	Quoted	45	-	45	52	-	52
Money market	Quoted	33	-	33	11	-	11
Debt	Unquoted	-	-	-	52	-	52
Infrastructure	Unquoted	71	-	71	69	-	69
Insured annuities	Unquoted	2	439	441	2	418	420
Cash at bank		2	-	2	9	-	9
		802	439	1,241	803	418	1,221

Notes to the Financial Statements

For the year ended 31 May 2024

21. Employee benefits (continued)

Retirement benefit schemes (continued)

Scheme obligations

The changes in defined benefit obligations were as follows:

Group

Group £'million	2024 UK	2024 Swiss	2024 Total	2023 UK	2023 Swiss	2023 Total
Present value of defined benefit obligations at 1 June	680	411	1,091	865	379	1,244
Current service cost	-	28	28	-	28	28
Interest cost	35	7	42	30	6	36
Contributions from employees	-	23	23	-	22	22
Remeasurement losses/(gains):						
Changes in demographic	(5)	2	(3)	(22)	(24)	(46)
Changes in financial assumptions	24	19	43	(180)	(1)	(181)
Experience adjustments on defined benefit	5	(13)	(8)	37	(1)	36
Past service cost (including curtailments)	-	-	-	-	(2)	(2)
Benefits paid	(39)	(10)	(49)	(50)	(27)	(77)
Exchange movement	-	(19)	(19)	-	31	31
Present value of defined benefit obligation at 31 May	700	448	1,148	680	411	1,091

Asset ceiling

The changes in asset ceiling were as follows:

Group £'million	2024 UK	2024 Swiss	2024 Total	2023 UK	2023 Swiss	2023 Total
Restriction due to asset ceiling at 1 June	123	7	130	160	-	160
Interest on asset ceiling	7	-	7	5	-	5
Other adjustments	-	4	4	-	-	-
Change in asset ceiling excluding interest	(28)	(10)	(38)	(42)	7	(35)
Restriction due to asset ceiling at 31 May	102	1	103	123	7	130

Maturity profile of the defined benefit obligation

The average duration of the UK Scheme at the end of the reporting period is 11 years (2023: 12 years). This number can be subdivided into the duration related to:

- Deferred members: 12 years (2023: 13 years); and
- Former members: 9 years (2023: 9 years).

The average duration of the Swiss Scheme at the end of the reporting period is 9 years (2023: 9 years).

Notes to the Financial Statements

For the year ended 31 May 2024

21. Employee benefits (continued)

Retirement benefit schemes (continued)

Funding arrangement – the Scheme

During the financial year ended 31 May 2023, the Group paid in full the amounts agreed with the Trustee to fully fund the UK Scheme on a low-risk basis. Consequently, the Group is no longer required to make future contributions into the UK Scheme subject to the conclusions of the next actuarial valuation which will be based on the 31 March 2026 funded position.

Expenses and administrative costs incurred in connection with the UK Scheme and any remuneration of the Directors of the Trustee are payable by the Group. Levies paid to the Pension Protection Fund and other bodies to the extent not met by the UK Scheme's assets are payable by the Group.

Expected contributions to the Schemes for the next annual reporting period

Group and LLP

Given the fully funded position of the UK Scheme, the Group and LLP does not expect to make any contributions to the UK Scheme in the next financial year. A contribution of CHF 58 million (CHF 41 million) will be made by the Group in respect of the Swiss Scheme.

Employee service awards

During the current financial year ended 31 May 2024, the Swiss National Practice introduced a long-term service rewards scheme ("Jubilee scheme") for some of its employees, in February 2024.

In accordance with IAS 19, the Jubilee scheme represents a long-term employee benefit for these employees and has been measured at the present value of the estimated future cash outflows, expected to be made by the Group, in respect of services provided by employees up to the reporting date.

The amounts recognised in the balance sheet arising from the obligations in respect of the Jubilee schemes are:

£'million	Group 2024	Group 2023	LLP 2024	LLP 2023
Swiss Jubilee scheme	8	-	-	-
	8	-	-	-

During the current year, a past service cost of £8 million (2023: £nil) has been recognised in the Group's income statement.

22. Financial instruments

Capital and financial risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to cover the cash requirements of the business.

The Group's funding requirement is regularly reviewed to ensure that capital and debt facilities are adequate across the planning horizon and that any funding needs are identified well in advance.

The financing strategy is periodically reviewed to ensure the optimal mix of the sources of capital and to maintain compliance with financial covenants.

The Group's capital principally comprises of members' capital, undistributed profits and net debt. See Notes 17 and 20. The balance of capital and debt is monitored and reconsidered when internal limits are projected to be met.

The Group holds financial instruments in order to finance its operations and manage foreign currency risks arising from its operations and sources of finance.

The Group's capital structure and treasury policies are regularly reviewed by the Group's Executive to ensure they remain relevant to the business and its plans for growth. The Group aims to minimise the level of short-term borrowing, and this is achieved through the active management and targeting of customer receivables, amounts due from DTTL network firms and contract assets.

The principal financial instruments held by the Group are summarised in the tables below by measurement category. Such instruments give rise to liquidity, counterparty credit, interest rate and foreign currency risks. Information about these risks and how they are managed is set out on the following pages.

Notes to the Financial Statements

For the year ended 31 May 2024

22. Financial instruments (continued)

Capital and financial risk management (continued)

The carrying amounts of financial instruments are as follows:

Group

£'million	Carrying value				
	Restated[3]	Restated[3]			Restated[3]
	Assets at amortised cost	FVTPL	FVTOCI – designated	Liabilities at amortised cost	Fair value
At 31 May 2024					
Assets					
Derivative financial instruments	-	-	-	-	-
Trade and other receivables [1]	994	-	-	-	994
Contract assets [1]	811	-	-	-	811
Amounts due from members	160	-	-	-	160
Cash and cash equivalents	348	220	-	-	568
Other non-current assets	31	-	13	-	44
Liabilities					
Trade and other payables [2]	-	-	-	407	407
Amounts due to members	-	-	-	-	-
Borrowings	-	-	-	200	202
Lease liabilities	-	-	-	648	648
Members' capital	-	-	-	291	291
At 31 May 2023					
Assets					
Derivative financial instruments	-	23	-	-	23
Trade and other receivables [1]	928	-	-	-	928
Contract assets[1]	795				795
Amounts due from members	58	-	-	-	58
Cash and cash equivalents	263	310	-	-	573
Other non-current assets	33	-	43	-	76
Liabilities					
Trade and other payables [2]	-	-	-	397	397
Amounts due to members	-	-	-	4	4
Borrowings	-	-	-	113	113
Lease liabilities	-	-	-	668	668
Members' capital	-	-	-	284	284

1. Trade and other receivables in the balance sheet includes prepayments and certain other receivables, which are not financial assets and hence excluded from the tables above. Contract assets were separately disclosed as 'amounts to be billed to customers' within 'trade and other receivables' in the prior year and have been reclassified using IFRS 15 consistent terminology in order to provide better information as to Group's and LLP's financial position and to enable consistency with the current year presentation (Note 15).

2. Trade and other payables in the balance sheet includes social security and other taxes, corporation tax and certain accruals and other payables, which are not financial liabilities and hence excluded from the tables above.

3. The prior year FVTPL financial assets have been restated to include short term liquidity funds amounting to £310m for Group and LLP, which were previously incorrectly classified as 'assets at amortised cost'. In the prior year, the only balance classified as FVTPL was derivative financial instruments designated in hedge relationships.

Notes to the Financial Statements

For the year ended 31 May 2024

22. Financial instruments (continued)

LLP

	Carrying value				
£'million	Restated Assets at amortised cost	Restated[3] FVTPL	FVTOCI – designated	Restated[2] Liabilities at amortised cost	Restated Fair value
At 31 May 2024					
Assets					
Derivative financial instruments	-	-	-	-	-
Trade and other receivables [1]	688	-	-	-	688
Contract assets [1]	609	-	-	-	609
Amounts due from members	160	-	-	-	160
Cash and cash equivalents[3]	231	220	-	-	451
Other non-current assets	13	-	10	-	23
Liabilities					
Trade and other payables [2]	-	-	-	323	323
Amounts due to members	-	-	-	-	-
Borrowings	-	-	-	200	202
Lease liabilities	-	-	-	594	594
Members' capital	-	-	-	291	291
At 31 May 2023					
Assets					
Derivative financial instruments	-	23	-	-	23
Trade and other receivables [1]	739	-	-	-	739
Contract assets [1]	579				579
Amounts due from members	58	-	-	-	58
Cash and cash equivalents	135	310	-	-	445
Other non-current assets	15	-	40	-	55
Liabilities					
Trade and other payables [2]	-	-	-	314	314
Amounts due to members	-	-	-	4	4
Borrowings	-	-	-	113	113
Lease liabilities	-	-	-	616	616
Members' capital	-	-	-	284	284

1. Trade and other receivables in the balance sheet includes prepayments and certain other receivables, which are not financial assets and hence excluded from the tables above. Contract assets were separately disclosed as 'amounts to be billed to customers' within 'trade and other receivables' in the prior year and have been reclassified using IFRS 15 consistent terminology in order to provide better information as to Group's and LLP's financial position and to enable consistency with the current year presentation (Note 15). The prior year balance has been restated to correct an intercompany offset posting, resulting in the trade and other receivables balance increasing by £30 million.
2. Trade and other payables in the balance sheet includes, social security and other taxes, corporation tax and certain accruals and other payables, which are not financial liabilities and hence excluded from the tables above. The prior year balance has been restated to correct an intercompany offset posting, resulting in the trade and other payables balance increasing by £30 million.
3. The prior year FVTPL financial assets have been restated to include short term liquidity funds amounting to £310m for Group and LLP which, were previously incorrectly classified as 'assets at amortised cost'. In the prior year, the only balance classified as FVTPL was derivative financial instruments designated in hedge relationships.

Notes to the Financial Statements

For the year ended 31 May 2024

22. Financial instruments (continued)

Fair value measurement

The Group's cross-currency swaps and foreign exchange swap contracts are measured at fair value at the end of each reporting period using the discounted cash flow valuation technique. The fair value of these instruments is estimated using future cash flows based on contractual interest rates (if applicable) and the foreign exchange rates discounted by the market interest rate and adjusted for counterparty credit risk.

The investments in equity instruments are designated at FVTOCI because recognising short-term fluctuations in these investments in line with a FVTPL approach would not be consistent with the Group's strategy of holding these investments for long-term purposes. The fair value of such investments as at 31 May 2024 for the Group and LLP is £13 million (2023: £43 million) and £10 million (2023: £40 million) respectively (Note 14). The fair value of these equity instruments, that are not traded in an active market, is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The fair values of such equity instruments have been determined mainly using the dividend discount model with the key assumption being the discount rate applied to the anticipated future returns and the market approach using prices and other relevant information generated by market transactions involving identical or comparable equity instruments.

In respect of the equity investment made in Deloitte NSE Investments Limited ('DNSEI') disclosed in Note 24, a discounted cash flow valuation methodology was used to derive the fair value.

There was no transfer of cumulative gain or loss within equity during the years ended 31 May 2024 and 2023 related to such investments. The Group and LLP's investment interest in the PFP group was disposed of at cost, for neither gain nor loss (Note 14). No other equity investments measured at FVTOCI have been de-recognised during the period.

Borrowings are measured at amortised cost in the balance sheet. The fair value of borrowings was determined using the discounted cash flow valuation technique. The fair value of these instruments is estimated using future cash flows based on contractual interest rates and adjusted for counterparty credit risk.

The fair value of the cross-currency swaps, foreign exchange swap contracts and borrowings are categorised within Level 2 of the fair value hierarchy as it is based on inputs other than quoted prices and maximises the use of observable data. The fair value measurement of equity investments is Level 3 within the fair value hierarchy as set out in IFRS 13, due to the unobservable inputs. There were no transfers between Level 1, 2 and 3 in the years ended 31 May 2024 and 2023.

Financial risk management objectives

The Deloitte NSE Executive Group determines the treasury policies of the Group. These policies relate to specific risks that the Deloitte NSE Executive Group wishes to manage including liquidity, counterparty credit risk, interest rate and foreign currency exposures. No speculative trading is permitted, and hedging is undertaken for specific exposures to reduce risk.

Notes to the Financial Statements

For the year ended 31 May 2024

22. Financial instruments (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management lies with the Deloitte NSE CEO, in combination with the Deloitte NSE Executive Group, which has developed an appropriate liquidity risk management framework for management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities, reserve borrowing facilities and by continually monitoring forecast and actual cash flows to ensure that its facilities are adequate across the planning horizon and that any funding needs are identified well in advance. Liquidity risk arises from the Group's ongoing financial obligations, including settlement of financial liabilities such as trade and other payables, lease liabilities, borrowings and members' capital.

The Group's financing requirements vary during the year, partly as a result of payments to and on behalf of members and partly as a result of other major payments such as leasehold improvements. See Note 17 for details of the Group's borrowings, including available facilities.

Contractual maturity

The following tables detail the Group's remaining contractual maturity for its financial liabilities with regard to the repayment periods. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest rate flows are floating, the undiscounted amount is derived from interest rate curves at the end of the reporting period. For the cross-currency swaps the table has been drawn up based on the gross undiscounted outflows on the derivatives as they require gross settlement.

Members' capital is included in the earliest time band in which the Group can be required to pay the amount. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that a substantial number of members will not resign triggering repayment of the amounts due within a year.

Group

£'million	Gross contractual cash flows	Within one year	2-5 years	5-10 years	More than 10 years
At 31 May 2024					
Accruals	222	222	-	-	-
Trade payables	52	52	-	-	-
Due to DTTL network firms	118	118	-	-	-
Other payables	15	15	-	-	-
Lease liabilities	725	82	265	269	109
Private Placement Loan Notes	319	12	49	236	22
Members' capital	291	28	263	-	-
	1,742	529	577	505	131
At 31 May 2023					
Accruals	189	189	-	-	-
Trade payables	29	29	-	-	-
Due to DTTL network firms	86	86	-	-	-
Other payables	93	93	-	-	-
Lease liabilities	748	82	251	262	153
Private Placement Loan Notes	113	113	-	-	-
Members' capital	284	10	274	-	-
	1,542	602	525	262	153

Notes to the Financial Statements

For the year ended 31 May 2024

22. Financial instruments (continued)

LLP

£'million	Restated Gross contractual cash flows[1]	Restated Within one year[1]	2-5 years	5-10 years	More than 10 years
At 31 May 2024					
Accruals	160	160	-	-	-
Trade payables	43	43	-	-	-
Due to DTTL network firms	75	75	-	-	-
Amounts owed to Group undertakings	33	33	-	-	-
Other payables	12	12	-	-	-
Lease liabilities	673	73	234	259	107
Private Placement Loan Notes	319	12	49	236	22
Members' capital	291	28	263	-	-
	1,606	436	546	495	129
At 31 May 2023					
Accruals	138	138	-	-	-
Trade payables	22	22	-	-	-
Due to DTTL network firms	51	51	-	-	-
Amounts owed to Group undertakings[1]	30	30			
Other payables	73	73	-	-	-
Lease liabilities	700	73	227	249	151
Private Placement Loan Notes	113	113	-	-	-
Members' capital	284	10	274	-	-
	1,411	510	501	249	151

1. The prior year balance has been restated to correct an intercompany offset posting, resulting in the amounts owed to Group undertakings balance to increase by £30 million.

Counterparty credit risk

Cash deposits and other financial instruments with banks and financial institutions give rise to counterparty credit risk. As a means of mitigating the risk of financial loss from defaults, the Group has adopted a policy of only dealing with creditworthy counterparties and limiting the aggregate amount and duration of exposure to any one counterparty based on counterparty credit ratings. For banks and financial institutions, only independently rated counterparties with a minimum rating of 'A3/A' are accepted. The Group's other significant credit risk relates to customer receivables. Refer to Note 15. Customer receivables are spread across diverse industries and the Group does not have any significant credit risk exposure to any single industry, counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Credit risk for new and existing customers are assessed as part of the Group's customer acceptance processes. In addition, credit risk is managed by maintaining close contact with each customer and by routine billing and cash collection as work is completed.

Interest rate risk

Interest rate risk for the Group arises from variable interest rate borrowings, and material cash balances. Interest rates fluctuate over time and the Group accepts this risk for borrowings and cash balances as a reasonable change in the interest rate for borrowings and cash balances would have an immaterial impact on the pre-tax profits and the members' interests of the Group. The Group acknowledges that interest rate risk impacts the members' annuities on a statutory basis, as the discount rate used in the valuation of the liability is based on the market risk-free rate. A reasonable change in the discount rate for members' annuities would have a material impact on the pre-tax profits and the members' interests of the Group. However, members' distributable profits are determined by the Group's management accounts profit and the management accounts only recognise the members' annuity payments, therefore negating the risk of discount rate movements and the presence of interest rate risk.

Notes to the Financial Statements

22. Financial instruments (continued)

Foreign currency risk

The Group's income and expenditure are primarily in Pounds Sterling. However, some income and costs are denominated in foreign currencies, as are the majority of transactions with DTTL member firms. The principal foreign currency exposures for the Group are to the US dollar, Euro and Swiss franc. The Group seeks to minimise its exposure to fluctuations in exchange rates by hedging against foreign currency exposures using foreign exchange swap contracts as hedging instruments to economically manage foreign exchange risk.

At 31 May 2024, the Group had $240 million (2023: $240 million) of US dollar and €50 million (2023: €50 million) of euro foreign exchange swap contracts to economically manage exposure to foreign exchange risk arising from receivables and payables. The foreign exchange swap contracts held by the Group predominantly had a maturity of 1 month or less and therefore typically have a trivial fair value. The foreign exchange swaps were subject to the same risk management policies as all other derivative contracts.

The Group's Series B notes were denominated in US dollars and were repaid during the year ended 31 May 2024. The Group had managed the associated foreign currency risk through a cross-currency swap, the terms of which were identical to the loan notes repaid. The Group hedged 100% of the changes in Pound Sterling functional currency equivalent cash flows relating to changes in foreign currency forward rates related to the notes and to the interest payments. The Group used the hypothetical derivative method to assess effectiveness. Ineffectiveness may arise due to:

- Changes in the credit risk of the cross-currency swaps which are not matched by the hypothetical derivative; and
- Changes in the embedded financing element included in the cross-currency swaps.

The ineffectiveness during 2024 was £Nil (2023: £2 million) in relation to the cross-currency swaps.

The following table is a summary of the Group and LLP's net foreign currency-denominated monetary (liabilities)/assets:

£'million	Group 2024	Group 2023	LLP 2024	LLP 2023
Euro	127	128	75	71
US dollar	230	225	(209)	(108)
Swiss franc	3	6	34	40
Other	18	23	59	51
	378	382	(41)	54

Foreign currency sensitivity analysis

The following tables detail the Group and LLP's sensitivity to a 10% decrease in the sterling amount against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the next twelve months in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items (including derivative instruments) and adjusts the translation at the year-end for a 10% change in exchange rates. A positive number below indicates an increase in profit or equity (as relevant), where the functional currency weakens 10% against the relevant currency.

£'million	Group 2024	Group 2023	LLP 2024	LLP 2023
Impact on profit				
Euro currency impact	13	12	8	7
US dollar currency impact	23	23	(21)	(10)
Swiss franc currency impact	-	1	3	4
Other foreign currency impact	2	2	6	5
	38	38	(4)	6

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For the year ended 31 May 2024

22. Financial instruments (continued)

Cross-currency swaps

As noted above, the Group and LLP utilised cross-currency swaps and forward foreign exchange contracts to manage its exposure to fluctuations in exchange rates for the year ended 31 May 2024. At 31 May 2024, the Group and LLP had no cross-currency swaps in place as the Series B Notes were settled during the year. The table below summarises the individual cross currency swap rates, notional principal value and fair value relating to these instruments as well as information related to the hedged items. The cross-currency swap contract assets were included in derivative financial instruments on the balance sheet.

Principal value	Notional exchange Rate	Maturity date	Average contract fixed interest rate		Notional principal value		Fair value		Change in fair value used for calculating hedge ineffectiveness	
			2024	2023	2024	2023	2024	2023	2024	2023
$'million	£/US$		%	%	£m	£m	£m	£m	£m	£m
US$96	1/1.6	10 October 2023	-	4.2	-	60	-	18	-	2
US$30	1/1.6	10 October 2023	-	4.2	-	19	-	5	-	1
			-	-	-	79	-	23	-	3

Hedged item	Change in fair value used for calculating hedge ineffectiveness		Balance accumulated in equity for continuing hedges	
£'million	2024	2023	2024	2023
Notes	-	3	-	-

The movement in the amount accumulated in equity for the Group in relation to the cash flow hedge is as shown below:

£'million	Change in fair value used for calculating hedge ineffectiveness	
	2024	2023
Balance at the beginning of the year	-	-
Gain arising on changes in fair value of cross-currency swap	(3)	(3)
Amounts reclassified to income statement	3	3
Balance at the end of the year	-	-

The contractual cash flows of the cross-currency swaps, for the both the Group and the LLP, are shown in the table below:

£'million	31 May 2024	31 May 2023	31 May 2023
	Within one year	Within one year	Within 2- 5 years
Cross-currency swaps – Payment	-	(80)	-
Cross-currency swaps – Receipt	-	104	-

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For the year ended 31 May 2024

23. Sale of the pension advisory practice

In January 2023, the Group entered into a sale agreement to dispose of 100% of its shareholding in Deloitte Total Reward and Benefits Limited together with its subsidiary, which carried out all of the Group's pension administration and advisory operations. The disposal was completed on 26 May 2023.

The consideration due to the Group as a result of the sale was £49 million. After the deduction of the net assets disposed totalling £12 million and transaction costs of £3 million, the net profit on the sale of the practice was £34 million.

In accordance with the Deloitte LLP Partnership Agreement, the profit on the disposal represented a capital profit, which must be distributed to members. The distribution of capital profits to members amounting to £38 million was determined by Deloitte LLP's management accounts which have accounting policies different to these financial statements.

24. Related party transactions

Parent undertaking and controlling party

The ultimate holding and controlling party of the LLP is Deloitte NSE LLP a limited liability partnership incorporated in the UK under the Limited Liability Partnership Act 2000. The parent undertaking of the largest group which includes the LLP and for which group accounts are prepared is Deloitte NSE LLP. The parent undertaking of the smallest such group is Deloitte LLP. The financial statements of Deloitte NSE LLP are publicly available and can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

Trading transactions

Transactions with subsidiaries of the Group, which are related parties, have been eliminated on consolidation. These transactions include management charges from the LLP and charges for the costs of services. Details of transactions between the Group, the LLP and other related parties are disclosed below. The table also includes outstanding balances at the end of each financial year.

Group	Provision of services to and income from related parties		Purchase of services from related parties		Amounts due from related parties		Amount due to related parties	
£'million	2024	2023	2024	2023	2024	2023	2024	2023
Deloitte NSE LLP	-	-	-	-	1	1	-	-
Deloitte NSE Group subsidiaries	286	234	(208)	(171)	108	60	(29)	(16)
Associates of the Deloitte NSE Group	200	187	(346)	(379)	44	49	(29)	(19)
	486	421	(554)	(550)	153	110	(58)	(35)

Notes to the Financial Statements

For the year ended 31 May 2024

24.Related party transactions (continued)

LLP	Provision of services to and income from related parties		Purchase of services from related parties		Amounts due from related parties		Amount due to related parties	
£'million	2024	2023	2024	2023	2024	Restated[1] 2023	2024	Restated[1] 2023
Subsidiaries	89	89	(40)	(28)	38	126	(33)	(30)
Deloitte NSE LLP	-	-	-	-	1	1	-	-
Deloitte NSE Group subsidiaries	167	140	(146)	(116)	53	16	(21)	(6)
Associates of the Deloitte NSE Group	158	147	(256)	(291)	35	36	(22)	(13)
	414	376	(442)	(435)	127	179	(76)	(49)

1. The prior year balance has been restated to correct an intercompany offset posting, resulting in amounts due to and from subsidiaries to increase by £30 million.

The amounts outstanding at year-end are unsecured and are available to be settled in cash. These balances are non-interest bearing. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts due from related parties.

Investment in Deloitte NSE Investments Limited

The LLP (and therefore the Group) has subscribed to different classes of non-voting redeemable shares in Deloitte NSE Investments Limited, a Deloitte NSE Group entity set up to hold Deloitte NSE Group investments in strategic projects. The cumulative amount subscribed to date is £20.2 million, with £1.8 million subscribed for this financial year (2023: £3.3 million). For the purposes of these financial statements, an amount of £1.8 million (2023: £2.0 million) was accounted for as a deemed distribution to Deloitte NSE. The fair value of this equity investment is £nil (2023: £1.3 million, which is included within 'Other non-current assets' on the Balance Sheet).

Transactions with Key Management Personnel

Key Management Personnel ('KMP') are those members who are responsible for planning, directing and controlling the activities of the Group and/or the LLP. Where a member of the KMP sits on both the UK and NSE Executive Groups, only the proportion of their profit share relating to their services provided to the Group or the LLP has been included.

Group

For the year ended 31 May 2024, KMP of the Group comprised 15 members (2023: 11 members) and their profit entitlement was £26.3 million (2023: £21.0 million). At 31 May 2024, the amount due to the KMP of the Group is £nil (2023: £nil) and the amount due from them is £4.3 million (2023: £1.1 million).

LLP

For the year ended 31 May 2024, KMP of the LLP comprised 14 members (2023: 9 members) and their profit entitlement was £24.1 million (2023: £16.8 million). At 31 May 2024, the amount due to the KMP of the LLP is £nil (2023: £nil) and the amount due from them is £4.3 million (2023: £1.1 million).

In addition, the Group and the LLP provides for members' annuities payable to 15 KMP's (2023: 11) for the Group and 14 KMP's (2023: 9) for the LLP, with a minimum of ten years' service in their capacity as members following their retirement, the payment of which is mainly dependent on the future generation of profits. Further details of members' annuities are included in Note 19.

Notes to the Financial Statements

For the year ended 31 May 2024

25. Group undertakings

Subsidiary undertakings

All subsidiaries prepare financial statements to 31 May and are consolidated within these financial statements. The associated undertakings and joint operations provide management information at 31 May for the purposes of group reporting. All entities prepare financial statements under uniform accounting policies and operate principally in their country of incorporation.

Entity name	Country of incorporation	Share class	% directly held by LLP	% held by Group
Registered office: 1 New Street Square, London, EC4A 3HQ				
Brown Street Nominees Limited	England & Wales	£1 ordinary shares	-	100
Contractor Pay Limited	England & Wales	£1 ordinary shares	100	100
D&T Consulting Holdings Limited	England & Wales	£1 ordinary 'A' shares	-	100
		£1 ordinary 'B' shares	-	100
		£1 ordinary 'C' shares	-	100
D&T Pension Trustees Limited	England & Wales	£1 ordinary shares	-	100
Deloitte & Touche Advisory Limited	England & Wales	£1 ordinary shares	-	100
Deloitte & Touche Holdings Limited	England & Wales	£1 ordinary shares	100	100
Deloitte & Touche Pension Trustees Limited	England & Wales	£1 ordinary shares	-	100
Deloitte India Services Limited	England & Wales	£1 ordinary shares	-	100
Deloitte International Services Limited	England & Wales	£1 ordinary shares	-	100
Deloitte Management Services Limited	England & Wales	£1 ordinary shares	61	100
Deloitte MCS Limited	England & Wales	£1 ordinary shares	-	100
Deloitte PMP Starter A Limited[1]	England & Wales	£1 ordinary shares	100	100
Deloitte SA Services Limited	England & Wales	£1 ordinary shares	100	100
Deloitte Services Limited	England & Wales	£1 ordinary shares	-	100
Island Trustees (Midlands) Limited	England & Wales	£1 ordinary shares	-	100
Island Trustees (Northern) Limited	England & Wales	£1 ordinary shares	-	100
Island Trustees Limited	England & Wales	£1 ordinary shares	-	100
J.G.H.T. Nominees	England & Wales	£1 ordinary shares	-	100
Market Gravity Limited	England & Wales	£0.01 ordinary shares	-	100
		£0.01 'A' ordinary shares	-	100
Monitor Company Europe	England & Wales	£1 ordinary shares	-	100
		£1 Redeemable preference 'A' shares	-	100
		£1 Redeemable preference 'C' shares	-	92
Monitor Company UK Limited	England & Wales	£1 ordinary shares	-	100
Monitor Deloitte Limited	England & Wales	£1 ordinary shares	-	100
Norstrand Trustees Limited	England & Wales	£1 ordinary shares	-	100
Spero Nominees Limited	England & Wales	£1 ordinary shares	-	100
Spero Trustee Company	England & Wales	£1 ordinary shares	-	100
Spero Trustee Company Birmingham	England & Wales	£1 ordinary shares	-	100
Spero Trustee Company Bristol Limited	England & Wales	£1 ordinary shares	-	100
Spicers Corporate Finance Limited	England & Wales	£1 ordinary shares	-	100
Stonecutter Limited	England & Wales	£1 ordinary shares	-	100
Stonecutter Nominees Limited	England & Wales	£1 ordinary shares	-	100
Stonecutter Trustees Limited	England & Wales	£1 ordinary shares	-	100

1. On 28 August 2024 Deloitte PMP Starter A Limited was placed into liquidation.

Notes to the Financial Statements

For the year ended 31 May 2024

25. Group undertakings (continued)

Subsidiary undertakings (continued)

Entity name	Country of incorporation	Share class	% directly held by LLP	% held by Group
Registered office: 3 Rivergate, Temple Quay, Bristol, BS1 6GD				
Island Trustees South West Limited	England & Wales	£1 ordinary shares	-	100
Registered office: The Old Courthouse, Athol Street, Douglas, Isle of Man, IM1 1LD				
Deloitte & Touche Services (IOM) Limited	Isle of Man	£1 ordinary shares	100	100
Registered office: Gaspé House, 66-72 Esplanade, St Helier, Jersey, JE2 3QT				
Deloitte & Touche Management (Jersey) Limited	Jersey	£1 ordinary shares	100	100
Registered office: Glategny Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 1WR				
Deloitte & Touche Management (Guernsey) Limited	Guernsey	£1 ordinary shares	100	100
Registered office: Old Police Station, Units 120/3 Irish Town, GX11 1AA				
Deloitte Limited (Gibraltar)	Gibraltar	£1 ordinary ‘A’ shares	100	100
		£1 ordinary ‘B’ shares	100	100
		£1 ordinary ‘C’ shares	100	100
		£1 ordinary ‘D’ shares	100	100
Registered office: Pfingstweidstrasse 11, 8005 Zürich, Switzerland				
Deloitte AG	Switzerland	CHF 100 ordinary shares	-	100
		CHF 1,000 ordinary shares	-	100
Deloitte Consulting AG	Switzerland	CHF 1,000 ordinary shares	-	100
Registered office: 29 Earlsfort Terrace, Dublin 2, D02 AY28, Ireland				
Deloitte UK Privacy (EU Rep) Limited	Ireland	EUR 1 ordinary shares	100	100
Registered office: Box 160 69 103 22 Stockholm				
ACNE AB	Sweden	SEK 10 ordinary shares	-	100
ACNE Advertising AB	Sweden	SEK 0.10 ordinary shares	-	100
ACNE Film AB	Sweden	SEK 50 ordinary shares	-	100
ACNE Photography AB	Sweden	SEK 50 ordinary shares	-	100
Registered office: Tulegatan 15, 113 53, Stockholm, Sweden				
Deloitte MCS AB	Sweden	EUR 1 ordinary shares	-	100
Registered office: Landstrasse 123, 9495 Triesen, Liechtenstein				
Deloitte (Liechtenstein) AG	Liechtenstein	CHF 1,000 ordinary shares	-	100

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For the year ended 31 May 2024

25. Group undertakings (continued)

Entities in liquidation

The entities below are currently in voluntary strike off or liquidation:

Entity name	Country of incorporation	Share class	% directly held by LLP	% held by Group
Registered office: 1 New Street Square, London, EC4A 3HQ				
ACNE Production Limited	England & Wales	£1 ordinary shares	-	100
Registered office: 6 Snow Hill, London, EC1A 2AY				
Deloitte CIS Limited[1]	England & Wales	$1 ordinary shares (voting)	60	60
		$1 ordinary shares (non-voting)	60	60
Deloitte PFP 1 LLP [2]	England & Wales	Designated Member	100	100
Deloitte PFP 2 LLP [2]	England & Wales	Designated Member	100	100
Deloitte SLP Structure 1 Limited[2]	England & Wales	£1 ordinary shares	100	100
Deloitte SLP Structure 2 Limited[2]	England & Wales	£1 ordinary shares	100	100
Registered office: Lincoln Building, 27-45 Great Victoria Street, Belfast, Northern Ireland, Northern Ireland, BT2 7SL				
Etain Limited	England & Wales	£1 ordinary 'A' shares	-	100
		£1 ordinary 'B' shares	-	100
		£1 ordinary 'C' shares	-	100

1. Deloitte CIS Limited was dissolved on 8th June 2024.

2. The PFP group was dissolved on 2nd June 2024.

Joint ventures and associates

Entity name	Country of incorporation	Share class	% directly held by LLP	% held by Group
Registered office: Hill House, 1 Little New Street, London, EC4A 3TR				
Deloitte ERDC Limited	England & Wales	£1 ordinary shares	-	37
Deloitte European Support Services Limited	England & Wales	EUR 1 ordinary shares		51
Registered office: 1 New Street Square, London, EC4A 3HQ				
Braxton Associates Limited	England &Wales	£1 ordinary shares	-	33
Registered office: 12, Dr Annie Besant Road, Opp. Shivsagar Estate Worli Mumbai, Maharashtra, 400018 India				
Deloitte Global Financial Advisory India Private Limited	India	INR 10 ordinary shares	-	33
Registered office: Glategny Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 1WR				
DTME 2 LLP	Guernsey	Designated Member	-	50

Notes to the Financial Statements

For the year ended 31 May 2024

26. Subsequent events

On 24 July 2024, the Court of Appeal confirmed an earlier ruling by the High Court in the Virgin Media Limited vs NTL Pension Trustees II Limited case. Between 1997 and 2016, it was possible to be 'contracted-out' from the Additional State Pension in exchange for reduced National Insurance contributions. In such cases, members accrued certain benefits under Section 9(2B) of the Pension Schemes Act 1993, which replaced earlier provisions on Guaranteed Minimum Pensions. Contracted-out schemes had to pass an overall scheme quality test related to the members' Section 9(2B) rights. When making an amendment affecting Section 9(2B) rights, Section 37 of the Pension Schemes Act 1993 and Regulation 42 of the Occupational Pension Schemes (Contracting-out) Regulations 1996 require actuarial confirmation that a scheme would continue to satisfy the scheme quality test for those rights. The case focused on the consequences of failing to obtain such actuarial confirmation. The High Court ruled that the failure to obtain actuarial confirmation meant that the benefit amendment was invalid and void, both in relation to past and future 9(2B) benefits. The court also decided that the requirement for actuarial confirmation applied to changes that would improve 9(2B) benefits as well as those that would or could adversely affect those benefits. The Group's assessment of the potential impact of this ruling on the DUKPS is currently in progress and the quantification of any impact cannot be provided until such assessment has been concluded (Note 21).

Deloitte LLP is a limited liability partnership registered in England and Wales
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1 New Street Square, London, EC4A 3HQ, United Kingdom.

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