



Deloitte LLP

**Report to the Members and Consolidated Financial Statements
for the year ended 31 May 2025**

Registered No. OC303675

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For the year ended 31 May 2025

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Report to the Members

For the year ended 31 May 2025

The UK Oversight Board ('UKOB') presents this report to the members of Deloitte LLP ('the LLP') together with the audited consolidated financial statements of the LLP and its subsidiary undertakings (together 'the Group') for the year ended 31 May 2025.

The LLP is a limited liability partnership under the Limited Liability Partnerships Act 2000 and was incorporated on 10 January 2003. The ultimate holding and controlling party of the LLP is Deloitte NSE LLP. Deloitte NSE LLP, with affiliates in countries across Europe and the Middle East (Deloitte NSE LLP and its subsidiaries are hereinafter referred to as 'Deloitte NSE'), is a holding entity and does not provide professional or other services to any clients. Deloitte NSE LLP 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.

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.

Membership

The members of the LLP are also members of Deloitte NSE.

Governance

The governance of the Group comprises:

- The Senior Partner and Chief Executive of the Group and Deloitte NSE (the 'Chief Executive') and the UK 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 the 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 promoting the long-term sustainability and resilience of the UK business, ensuring material risks are managed and controlled and overseeing how the UK business meets its public interest responsibilities. 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, National Practice governance bodies and National Practice Executives, underpinned by the Deloitte NSE Partnership Agreement.

The Deloitte NSE Board is the primary governance body for the Deloitte NSE group as a whole, responsible for ensuring high quality governance and stewardship of Deloitte NSE. The Deloitte NSE Board works with the Deloitte NSE Executive to set and approve the long-term strategic objectives of Deloitte NSE, is responsible for overseeing the level of risk acceptable in each business area, for the promotion and protection of member interests and for the oversight of management of Deloitte NSE as a whole.

Report to the Members

For the year ended 31 May 2025

Governance (continued)

The Chief Executive, working with the Executive Group of each National Practice are responsible for day-to-day management of their local National Practice including consistent execution of Deloitte NSE's strategy, development of local policies and strategies and compliance with local laws and regulations.

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 £293 million as at 31 May 2025 (2024: £291 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 the Group's management. The allocation of profit is discretionary and is reviewed and approved by the NSE Board. Each member shares in profit based on, among other things, the proportion of units allocated to them and the profit of the Group. Members' share of profits is based upon a comprehensive evaluation of their individual and team contribution to, among others, quality, risk, performance, and leadership. The NSE Board reviews and approves the equity group for each individual member and allocation of units to members on the recommendation of the NSE Chief Executive Officer. 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. The LLP's going concern assessment has been performed as part of the Group's going concern assessment. In its assessment of going concern, the Group has prepared forecasts reflecting the Group's business plan covering a period of at least 12 months from the date of when the financial statements are authorised for issue. A 12-month going concern assessment has been selected because this period reflects the Group's normal planning horizon, during which the Group has access to significant financial resources. In addition, the Group has prepared forecasts that extend beyond this 12-month minimum period as a matter of good liquidity management and to plan for future re-financing events. Given the absence of any re-financing requirements until late 2027, a 12-month assessment period is considered appropriate. 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 based on historical experience.

Report to the Members

For the year ended 31 May 2025

Going concern (continued)

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

- Scenario 1: a 10% reduction in revenue with no cost mitigation;
- Scenario 2: a worsening of cash collection by 0.4 months; and
- Scenario 3: both a 10% reduction in revenue (with no cost mitigation) and a worsening of cash collection by 0.4 months.

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 distributions, 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 2025, the Group's net cash and cash equivalents position (net of borrowings) was £316 million (2024: £368 million) and the Group had undrawn facilities of £730 million (2024: £758 million). During the year, £50 million of new Private Placement Loan Notes were issued to the Group. Refer to Note 18 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 23.

At 31 May 2025, total assets of the Group were £3,546 million (2024: £3,621 million), and net liabilities attributable to members were £528 million (2024 restated: £651 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 £1,519 million (2024: £1,599 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 £61 million (2024: £56 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 other members benefits including Early Retirement Annuities ('retirement annuities'), Death in Service benefits and Long-term Ill Health benefits totalling £60 million (2024 restated: £71 million), as detailed in Note 20.

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

During the year, the Group has completed a process to modernise and simplify its storefront and go-to market strategy. The Group has implemented changes to reorganise the five Businesses reported in the prior year, being Audit & Assurance, Consulting, Financial Advisory, Risk Advisory and Tax & Legal. From 1 October 2024, the Group now has four Businesses which comprise of (1) Audit & Assurance (2) Strategy, Risk & Transactions Advisory, (3) Tax & Legal and (4) Technology & Transformation. See note 3 for further information.

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.

Report to the Members

For the year ended 31 May 2025

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.

Statement of members' responsibilities in respect of the financial statements

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with IFRS Accounting Standards as issued by the International Accounting Standards Board ('IASB'). The 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 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 IFRS Accounting Standards. 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
- Make an assessment of the Limited Liability Partnership'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 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.

The 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 2025 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 2025

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 2025 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 as 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' or 'the LLP') and its subsidiaries ('the Group') for the year ended 31 May 2025 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 United Kingdom adopted international accounting standards, and as regards the Limited Liability Partnership, 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.

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

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 IFRS Accounting Standards.

In our opinion the financial statements give a true and fair view of the Group and the Limited Liability Partnership's financial position as at 31 May 2025 and of the Group's financial performance and the Group and the Limited Liability Partnership's cash flows for the year then ended in accordance with IFRS Accounting Standards.

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 remain 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 2025

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. Our evaluation of the Members’ assessment of the Group and the Limited Liability Partnership’s ability to continue to adopt the going concern basis of accounting included:

- Discussions with management regarding their assessment of the Group's and the Limited Liability Partnership's ability to continue as a going concern;
- assessing the reasonableness of management's projected cashflows and working capital assumptions and evaluating the revenue and cost projections underlying management's cashflow model;
- review and challenge, through enquiry and consideration of historical performance, of key assumptions applied by the Members in preparation of cash flow forecasts, including growth assumptions and movement in base costs;
- review of the Members’ going concern base case forecast and three downside scenarios. We tested the mechanical accuracy of these scenarios and reviewed the feasibility of the available mitigating actions;
- considering the post year end performance compared to the budgeted forecasts;
- review and consideration of the nature of the Group’s and the Limited Liability Partnership’s liabilities, and the ability to defer said liabilities in adverse conditions;
- consideration of the adequacy of the Group’s and the Limited Liability Partnership’s cash resources and available facilities; and
- assessing the adequacy of related disclosures within the financial statements against the requirements of the applicable standard.

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 a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview

Key audit matters	2025	
Key audit matters	Revenue recognition – specifically the judgemental valuation of contract assets and contract liabilities – including the risk of fraud	✓
	Significant assumptions applied in the valuation of Insurance Contract liabilities in relation to partner annuities	✓
	2025 is the first year in which the independent auditor’s report has included reporting of Key Audit Matters, as such none of the Key Audit Matters reported above were reported in 2024.	
Materiality	Group financial statements as a whole: £40m (2024: £39m) based on 5% (2024: 5%) of Profit before tax, Members capital profit share, Insurance service results, Defined benefit pension current and past service costs, net finance income from insurance contracts, and net interest expense on pension scheme obligations (‘distributable profits’).	

Independent Auditor's Report to the Members of Deloitte LLP

For the year ended 31 May 2025

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the Group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

The LLP is an affiliate of Deloitte NSE LLP (a member firm of Deloitte Touche Tohmatsu Limited). The Group primarily operates in the UK and Switzerland through the LLP and its subsidiary legal entities. There are centralised functions which include IT, Treasury and Legal and a common system of internal control, including the IT platforms. The UK Oversight Board is responsible for oversight of the Group as a whole and operations are managed at service line level.

The majority of group trade is concentrated in four legal entities with other active group entities either conducting trade in local jurisdictions or acting as holding and support companies for the Group. For the purpose of our group audit, the group consisted of 9 components in total.

The four legal entities where the majority of group trade is concentrated were concluded to be components, alongside one further trading entity:

- Deloitte LLP
- Deloitte MCS Limited
- Deloitte AG
- Deloitte Consulting AG
- Deloitte SA Services Limited

In addition, the following four group components were made up of more than one legal entity:

- The inactive entities component, which consisted of 33 legal entities currently dormant, in liquidation, or which do not contribute any balances to the consolidated financial statements;
- The intermediate holding companies component, which consisted of 2 legal entities currently acting as intermediate holding companies;
- The offshore trading entities component, which consisted of 4 legal entities; and
- The service entities component, which consisted of 3 legal entities providing support services to the Group.

We have determined components to be based on legal entities or grouping of legal entities where the nature of operations are similar.

As part of performing our Group audit, we have determined all of the 9 components in scope.

We identified the Group risk of material misstatement as relating to Deloitte LLP and Deloitte MCS Limited due to their contribution to Group performance and to the Group balance sheet.

We consider it necessary to scope in Deloitte AG to ensure appropriate coverage of certain financial statement line items and for variability.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component, including performing substantive procedures and tests of operating effectiveness of controls; and
- procedures on one or more classes of transactions, account balances or disclosures.

Independent Auditor's Report to the Members of Deloitte LLP

For the year ended 31 May 2025

Procedures performed at the component level

For the components that were in scope, we then performed procedures to respond to group risks of material misstatement at the component level that included the following:

Component	Component Name	Legal Entity	Group Audit Scope
1	Deloitte LLP	Deloitte LLP	Statutory audit and procedures on the entire financial information of the component.
2	Deloitte MCS Limited.	Deloitte MCS Limited.	Procedures performed on the entire financial information of the component.
3	Deloitte AG	Deloitte AG	Procedures on one or more classes of transactions, account balances or disclosures

For the remaining 6 components, we have performed risk assessment procedures.

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls for employee benefits, provisions for claims and regulatory proceedings, insurance contract liabilities, right of use assets and lease liabilities. We therefore designed and performed procedures centrally in these areas.

The group operates a centralised IT function that supports IT processes for substantially all components. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

Changes from the prior year

The introduction of ISA (UK) 600 (Revised September 2022) ‘Special considerations—Audits of group financial statements (Including the work of component auditors)’ took effect for the 31 May 2025 audit. The Group’s scope was largely unchanged, other than Deloitte Consulting AG being subjected to risk assessment procedures only, which in the prior year was subject to procedures performed on one of more classes of transactions, accounts balances or disclosures.

Working with other auditors

As Group auditor, we determined the components at which audit work was performed, together with the resources needed to perform this work. These resources included a component auditor, who formed part of the group engagement team as reported above. As Group auditor we are solely responsible for expressing an opinion on the financial statements.

In working with the component auditor, we held discussions with the component audit team on the significant areas of the group audit relevant to the component based on our assessment of the group risks of material misstatement. We issued our group audit instructions to the component auditor on the nature and extent of their participation and role in the group audit, and on the group risks of material misstatement.

We directed, supervised and reviewed the component auditor’s work. This included holding meetings and calls during various phases of the audit, reviewing component auditor documentation remotely and evaluating the appropriateness of the audit procedures performed and the results thereof.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Deloitte LLP

For the year ended 31 May 2025

Key audit matters (continued)

Key audit matter		How the scope of our audit addressed the key audit matter
<p>Revenue recognition – specifically the judgemental valuation of contract assets and contract liabilities – including the risk of fraud</p> <p>Group revenue was £5,676 million (2024: £5,746 million).</p> <p>Relevant notes in the Report to the Members and Consolidated Financial Statements for the year ended 31 May 2025:</p> <ul style="list-style-type: none">• Note 2.1 - The Group’s accounting policies in respect of revenue, contract assets and contract liabilities.• Note 2.2 – Key sources of estimation uncertainty – Revenue stage of completion.• Other related disclosures are presented in note 3, 16 and 17.	<p>The Group and the LLP recognise revenue as it satisfies performance obligations contained in contracts with its customers which are predominantly, Fixed Fee, and Time and Materials contracts.</p> <p>For all such contracts revenue is recognised over time on the basis of costs incurred at year-end. For fixed fee contracts, revenue is recognised relative to the total expected cost required to complete the satisfaction of that performance obligation. For time and materials contracts, revenue is recognised using the output method valued at the amount expected to be recovered from customers.</p> <p>To determine revenue to recognise for the year, including contract assets and liabilities at year end, individual engagement teams estimate 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.</p> <p>The level of judgement and estimation required is higher for contracts that are open at year-end residing within contract assets and liabilities. We therefore identified this population of engagements as an area of significant assessed risk of material misstatement, and a Key Audit Matter.</p>	<p>We tested the operating effectiveness of the IT general controls of the relevant financial systems, and key controls relating to the overall system of revenue recognition including controls over recording of time, costs incurred on engagements, and changes to key inputs in calculating revenue recognised by the IT system.</p> <p>We performed substantive analytical procedures to assess the portfolio of each partner across the year to identify outliers based on profitability metrics and sought explanation and corroborating evidence from service lines and engagement teams.</p> <p>We tested a sample of contracts which were open at year-end to challenge the contract asset or contract liability valuation and the stage of completion, as well as checking that the entity had the right to consideration at year-end. We obtained evidence to corroborate the explanations provided by the engagement teams that varied depending on the specific challenge raised to the engagement team. Evidence obtained included contracts, project budgets, costs incurred to date including time worked and subcontractor costs, and invoices raised, including consideration of post year-end activity (adjustments made, invoices raised, costs incurred).</p> <p>In addition, we defined populations of contracts meeting criteria which could reflect a heightened risk of misstatement, including open contracts with no activity in the final quarter of the year and contracts with adjustments to revenue immediately prior to, or post year end. We tested a sample of these contracts, obtaining evidence, as noted above, to support the contract asset or contract liability valuation, the stage of completion and also the right to consideration.</p>

Independent Auditor's Report to the Members of Deloitte LLP

For the year ended 31 May 2025

		<p>Key observations:</p> <p>Based on the work performed, we consider the assumptions made by management to be reasonable and did not identify any indications of bias in determining the amount of revenue recognised during the year, and contract assets and liabilities recognised at year end.</p> <p>We consider Note 2.2 to the financial statements appropriately discloses and describes the significant degree of estimation uncertainty inherent in the estimation arising from the remaining time and costs to be incurred on contracts and amounts that can be recognised as revenue from clients.</p>
<p>Significant assumptions applied in the valuation of Insurance Contract liabilities in relation to partner annuities</p> <p>Liabilities recognised with respect to partners annuities are recognised as insurance contract liabilities under IFRS 17 totalling £1,579 million (2024: £1,670 million (restated))</p> <p>Relevant notes in the Report to the Members and Consolidated Financial Statements for the year ended 31 May 2025:</p> <ul style="list-style-type: none"> Note 2.1 – The Group's accounting policy in respect of the insurance contract liabilities Note 2.2 - Key sources of estimation uncertainty the assessment of the significant estimate in arriving at the insurance contract liability is disclosed. Other related disclosures are presented in note 20. 	<p>The IFRS 17 insurance contract liability reflects a significant liability, which is sensitive to changes in judgemental actuarial assumptions, specifically the discount rate including the illiquidity premium and the inflation rate and future profit forecast assumptions.</p> <p>The Group has unfunded annuity obligations, death in service and long-term ill health benefits to certain current and former members (and spouses and dependents where applicable).</p> <p>We identified the significant assumptions applied in the determination of Partners Annuities Obligations as one of the most significant assessed risks of material misstatement identified.</p> <p>Small variations in those actuarial and profit forecast assumptions can lead to a materially different value of liabilities being recognised in the financial statements. We therefore identified this as an area of significant assessed risk of material misstatement, and a Key Audit Matter.</p>	<p>We have assessed the objectivity, competence and capability of management's actuarial team.</p> <p>In conjunction with our internal experts, we have considered the appropriateness of the valuation methodologies and challenged the appropriateness of the actuarial valuation assumptions (including discount rates and inflation rates usage).</p> <p>We have obtained the Group's short term profitability forecast and challenged the assumptions within the forecast, and checked the consistency of the forecast used with the going concern forecasts and checked the mechanical accuracy of the model.</p> <p>We have challenged the appropriateness of the long-term profit growth assumption against reasonable alternatives and, we have worked with an expert to challenge the derivation of the underlying assumption.</p> <p>We have assessed the accuracy of management's profit projections in previous years.</p> <p>We have assessed the appropriateness of information sources used for determining the assumptions applied in the valuation.</p>

Independent Auditor's Report to the Members of Deloitte LLP

For the year ended 31 May 2025

	The risk is considered significant due to its complexity and level of estimation uncertainty.	Key observations: We consider the key assumptions and judgements used in the valuation of insurance contract liabilities to be reasonable.
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Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Limited Liability Partnership financial statements	
	2025 £m	2024 £m	2025 £m	2024 £m
Materiality	40	39	36	31
Basis for determining materiality	5% of profit before tax, members capital profit share, insurance service results, defined benefit pension current and past service costs, net finance income from insurance contracts, and net interest expense on pension scheme obligations ('distributable profits') and for the purposes of the Limited Liability Partnership financial statements before investment income.			
Rationale for the benchmark applied	Distributable profits is a principal consideration for users of the financial statements in assessing the financial performance and reflects the level of profits generated during the year available for distribution to the members. This benchmark was communicated to the UK Oversight Board during the audit planning phase and has been consistently applied in the current and prior years.			
Performance materiality	30	29	27	23
Basis for determining performance materiality	Performance materiality was set as 75% of financial statement materiality.			
Rationale for the percentage applied for performance materiality	In determining performance materiality, we considered all relevant information from prior period audits including the level of misstatements and control deficiencies identified.			

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, based on a percentage of between 40% and 80% (2024: 21% and 76%) of Group performance materiality dependent on a number of factors including the level of public interest in components within the group, the control environment, the size of the component, and our assessment of the risk of material misstatement of those components. For the purpose of the Group financial statements, the performance materiality for Deloitte LLP is capped at 80% of the group performance materiality. Component performance materiality ranged from £12 million to £24 million (2024: £7m to £23m).

Independent Auditor's Report to the Members of Deloitte LLP

For the year ended 31 May 2025

Reporting threshold

We agreed with the UK Oversight Board that we would report to them all individual audit differences in excess of £1.6m (2024: £1.5m). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Members are responsible for the other information. The other information comprises the information included in the ‘Report to the 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 by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008

Based on the responsibilities described below and our work performed during the course of the audit, we are required by 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 ISAs (UK) to report on certain opinions and matters as described below.

Matters on which we are required to report by exception	<p>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 by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none">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; orthe Limited Liability Partnership financial statements are not in agreement with the accounting records and returns; orwe have not received all the information and explanations we require for our audit.
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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 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 the Limited Liability Partnership’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Group or the 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 2025

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the Limited Liability Partnership and the industry in which they operate;
- Discussion with management and those charged with governance, Internal Audit and those responsible for legal and regulatory 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 IFRS Accounting Standards;
- Laws and regulations relating to employee matters such as equality, bribery, and corruption practices;
- Relevant tax compliance regulations in the jurisdictions in which the Group and the Limited Liability Partnership operate; and
- Relevant compliance with the Audit Firm Governance Code, and dealing with requests of 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;
- Financial Reporting Council ('FRC') Ethical Standards;
- Institute of Chartered Accountants in England and Wales ('ICAEW') Code of Conduct;
- Solicitors Regulation Authority ('SRA') Code of conduct for lawyers; and
- Companies Act 2006.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondences with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Independent Auditor's Report to the Members of Deloitte LLP

For the year ended 31 May 2025

Fraud

We assessed the susceptibility of the 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 meetings 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, revenue recognition – specifically the judgemental valuation of contract assets and contract liabilities as described in the key audit matters section above.

Our procedures in respect of the above included:

- Testing journal entries throughout the year, which met defined risk criteria, by agreeing to supporting documentation.
- Testing the valuation of contract assets and contract liabilities as explained in the 'Key audit matters' section above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component auditors, 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. For component auditors we also reviewed the result of the work performed in this regard.

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.

Independent Auditor's Report to the Members of Deloitte LLP

For the year ended 31 May 2025

Use of our report

This report is made solely to the Limited Liability Partnership's Members, as a body, in accordance with 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

A42BFCDC38704B5

Andrew Radford (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK

26 September 2025

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 2025

£'million	Notes	Restated ¹	
		2025	2024
Revenue	3	5,676	5,746
Operating expenses			
Employee costs	4	(2,853)	(2,911)
Depreciation and amortisation	9, 10, 11	(126)	(118)
Other operating expenses	5	(1,939)	(1,966)
Insurance service result			
Insurance revenue	20	79	72
Insurance service expense	20	(61)	(70)
Operating profit		776	753
Finance income	6	21	26
Finance costs	6	(33)	(27)
Net finance costs	6	(12)	(1)
Finance income/(expense) from insurance contracts	7	3	(80)
Share of results of associates and joint ventures	12	4	8
Profit before tax		771	680
Tax expense in corporate subsidiaries	8	(14)	(29)
Profit for the year		757	651
Profit for the year attributable to:			
Members as owners of the parent entity		757	651

1. Prior year comparatives have been restated as a result of the recognition of additional IFRS 17 insurance contract liabilities, see Note 20 for further details. These adjustments have been applied consistently to all affected disclosure notes in the financial statements.

The notes on pages 23 to 94 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 May 2025

	Notes	2025	2024
£'million			
Profit for the year		757	651
Items that will not be re-classified subsequently to profit or loss			
Re-measurements of defined benefit pension schemes	22	(22)	(51)
Changes in asset ceiling – UK and Swiss pension schemes	22	12	39
Net gain on equity securities designated at fair value through other comprehensive income	15	2	-
Items that may be re-classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		12	1
Other comprehensive income/(loss) for the year		4	(11)
Total comprehensive income for the year		761	640
Total comprehensive income for the year attributable to:			
Members as owners of the parent entity		761	640

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

The notes on pages 23 to 94 form an integral part of these financial statements.

Balance Sheets

At 31 May 2025

		Group	Group	Group	LLP	LLP	LLP
			Restated ¹	Restated ¹		Restated ¹	Restated ¹
	Notes	2025	2024	2023	2025	2024	2023
£'million							
Assets							
Non-current assets							
Intangible assets	9	97	96	101	22	24	26
Property, plant and equipment	10	276	249	199	244	214	158
Right-of-use assets	11	519	561	576	470	505	522
Deferred tax assets	8	2	2	4	-	-	-
Investments in subsidiaries, associates & joint ventures	13	-	-	-	201	8	8
Interests in joint ventures & associates	12	22	23	17	-	-	-
Insurance reimbursement receivable	19	17	20	-	17	20	-
Prepayments for software-as-a-service	14	23	-	-	20	-	-
Other non-current assets	15	43	44	76	22	23	55
		999	995	973	996	794	769
Current assets							
Derivative financial instruments		-	-	23	-	-	23
Prepayments for software-as-a-service	14	3	-	-	3	-	-
Trade and other receivables	16	995	1,087	1,061	738	768	812
Contract assets	16	785	811	795	610	609	579
Amounts due from members	21	198	160	58	198	160	58
Cash and cash equivalents	18	566	568	573	467	451	445
		2,547	2,626	2,510	2,016	1,988	1,917
Total assets		3,546	3,621	3,483	3,012	2,782	2,686
Liabilities							
Current liabilities							
Trade and other payables	17	903	984	982	674	682	653
Contract liabilities	17	294	367	338	213	256	226
Amounts due to members	21	-	-	4	-	-	4
Lease liabilities	11,23	65	58	64	56	54	53
Borrowings	18	-	-	113	-	-	113
Provisions	19	28	27	68	27	27	65
Members' capital	21	14	28	10	14	28	10
		1,304	1,464	1,579	984	1,047	1,124
Non-current liabilities							
Borrowings	18	250	200	-	250	200	-
Employee benefits	22	42	18	4	-	-	-
Lease liabilities	11,23	545	590	604	506	540	563
Provisions	19	75	67	60	72	64	58
Insurance contract liabilities ¹	20	1,579	1,670	1,656	1,579	1,670	1,656
Members' capital	21	279	263	274	279	263	274
		2,770	2,808	2,598	2,686	2,737	2,551
Total liabilities		4,074	4,272	4,177	3,670	3,784	3,675
Net liabilities attributable to members		(528)	(651)	(694)	(658)	(1,002)	(989)
Equity							
Members' other reserves ¹	21	(528)	(651)	(694)	(658)	(1,002)	(989)
		(528)	(651)	(694)	(658)	(1,002)	(989)

The notes on pages 23 to 94 form an integral part of these financial statements

Balance Sheets


At 31 May 2025

		Group	Group	Group	LLP	LLP	LLP
			Restated ¹	Restated ¹		Restated ¹	Restated ¹
£'million	Notes	2025	2024	2023	2025	2024	2023
Supplemental information							
Members' interests							
Members' capital	21	293	291	284	293	291	284
Members' other reserves	21	(528)	(651)	(694)	(658)	(1,002)	(989)
Amounts due to members	21	-	-	4	-	-	4
Amounts due from members	21	(198)	(160)	(58)	(198)	(160)	(58)
Total members' interests		(433)	(520)	(464)	(563)	(871)	(759)

1. Prior year comparatives have been restated in relation to the recognition of additional IFRS 17 insurance contract liabilities, see Note 20 for further details. These adjustments have been applied consistently to all affected disclosure notes in the financial statements. The 2023 balances are restated as at 1 June 2023.

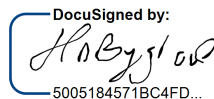
As permitted by section 408 of the Companies Act 2006, as applied to Limited Liability Partnerships, the LLP has opted not to present a separate income statement and related notes. The LLP reported a profit for the year ended 31 May 2025 of £981 million (2024: £586 million).

The financial statements on pages 16 to 94 were authorised for issue and signed on 26 September 2025 on behalf of the Members of Deloitte LLP, registered number OC303675, by:

DocuSigned by:

 11640521B0A14E5...

Richard Houston

Senior Partner and Chief Executive

DocuSigned by:

 5005184571BC4FD...

Heather Bygrave

Chief Financial Officer

The notes on pages 23 to 94 form an integral part of these financial statements.

Statements of Changes in Equity

For the year ended 31 May 2025

£'million	Notes	Group	LLP
		Members' other reserves (Note 21)	Members' other reserves (Note 21)
Balance at 1 June 2023 (as previously stated)		(648)	(943)
Effect of IFRS 17 restatement (Note 20) ¹		(46)	(46)
Balance at 1 June 2023 (restated) ¹		(694)	(989)
Profit for the year		651	586
Other comprehensive loss for the year		(11)	(2)
Total comprehensive income		640	584
Allocated profit in the year	21	(595)	(595)
Deemed distribution to parent	24	(2)	(2)
Transactions with owners		(597)	(597)
Balance at 31 May 2024 (restated) ¹		(651)	(1,002)
Profit for the year		757	981
Other comprehensive income for the year		4	1
Total comprehensive income		761	982
Allocated profit in the year	21	(637)	(637)
Deemed distribution to parent	24	(1)	(1)
Transactions with owners		(638)	(638)
Balance at 31 May 2025		(528)	(658)

1. Prior year comparatives have been restated due as a result of the recognition of additional IFRS 17 insurance contract liabilities, see Note 20 for further details. These adjustments have been applied consistently to all affected disclosure notes in the financial statements.

The notes on pages 23 to 94 form an integral part of these financial statements.

Cash Flow Statements

For the year ended 31 May 2025

		Group	Group	LLP	LLP
	Note	2025	2024	2025	2024
Profit for the year		757	651	981	586
Adjustments for:					
Tax expense in corporate subsidiaries	8	14	29	-	-
Depreciation and amortisation	9,10,11	126	118	106	97
Net increase in impairment of financial assets	15,16	11	-	8	2
Impairment of non-current assets	9,10,11	1	2	-	2
Share of results of associates and joint ventures	12	(4)	(8)	-	-
Income from investment in subsidiaries ²		-	-	(234)	(43)
Loss on disposal of property, plant and equipment		1	3	1	2
Loss on disposal of intangible assets		4	-	1	-
Net finance costs	6	12	1	12	5
Provisions movements for the year	19	16	22	16	10
Current and past service cost for employee benefits	22	53	36	-	-
Other non-cash movements		9	10	5	1
Operating cash inflows before movements in working capital		1,000	864	896	662
Decrease/(increase) in trade and other receivables ³	16	68	(54)	(3)	65
Decrease/(increase) in contract assets	16	26	(17)	(5)	(30)
(Decrease)/increase in insurance contract liabilities ¹	20	(91)	14	(91)	14
Increase in prepayments for software-as-a-service	14	(26)	-	(23)	-
Cash outflow on payments of provisions	19	(9)	(65)	(9)	(52)
Cash outflow on payments of retirement benefit obligation	22	(40)	(34)	-	(2)
(Decrease)/Increase in trade and other payables ⁴	17	(49)	43	24	63
(Decrease)/Increase in contract liabilities	17	(76)	29	(44)	31
Cash generated by operations		803	780	745	751
Tax paid by corporate subsidiaries		(28)	(28)	-	-
Net cash inflow from operating activities		775	752	745	751
Investing activities					
Investment income received ²		-	-	234	-
Interest income received	6	21	25	19	22
Purchase of property, plant and equipment ⁵	10	(84)	(89)	(79)	(84)
Capital repayments and profit distributions received from Associates	12	3	2	-	-
Capital contribution to subsidiaries	13	-	-	(193)	-
Issue of loans to DTTL network firms	15	-	(8)	-	(8)
Repayment of loans issued to DTTL network firms	15	2	9	2	9
Net cash used in investing activities		(58)	(61)	(17)	(61)

The notes on pages 23 to 94 form an integral part of these financial statements.

Cash Flow Statements

For the year ended 31 May 2025

£'million	Note	Group 2025	Group 2024	LLP 2025	LLP 2024
Financing activities					
Payments to members	21	(674)	(717)	(674)	(717)
Settlement of hedging contracts		-	25	-	25
Repayment of capital to former members	21	(25)	(20)	(25)	(20)
Capital contributions by members	21	27	27	27	27
Deemed distribution to parent	21	(1)	(2)	(1)	(2)
New borrowings raised	18	50	200	50	200
Repayment of borrowings	18	-	(114)	-	(114)
Principal element of lease payments	11	(66)	(68)	(57)	(58)
Interest paid	6	(31)	(25)	(31)	(25)
Net cash used in financing activities		(720)	(694)	(711)	(684)
Net (decrease)/increase in cash and cash equivalents		(3)	(3)	17	6
Cash and cash equivalents at the beginning of the year		568	573	451	445
Effects of exchange rate changes on cash and cash		1	(2)	(1)	-
Cash and cash equivalents at the end of the year	18	566	568	467	451

1. The cash payments of members' benefits, including members' annuities, are presented within the movements in insurance contract liabilities. Please see Note 20 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.

2. 'Income from investments in subsidiaries' in the prior represents non-cash transactions, being dividends received from fellow group entities, settled via intercompany offsets. In the current year, the dividends received were cash settled.

3. The Group's current year movements in 'Trade and other receivables' includes non-cash net movements of £24 million (2024: £28 million), which includes foreign currency movements and other immaterial items. The LLP's current year movements in 'Trade and other receivables' includes non-cash movements of £33 million (2024: £22 million), which includes foreign currency movements and other immaterial items. In the prior year, the Group's and LLP's movements in 'Trade and other receivables' included the non-cash movement of £20 million in relation to the reclassification of the insurance reimbursement receivable to non-current assets. In addition, in the prior year, the LLP's non-cash movements included £43 million in relation to income from investments in subsidiaries.

4. The Group's current year movements in 'Trade and other payables' includes non-cash net movements of £32 million (2024: £29 million), which includes foreign currency movements and other immaterial items. The LLP's current year movements in 'Trade and other payables' includes non-cash net movements of £32 million (2024: £34 million), which includes foreign currency movements and other immaterial items. In the prior year, the Group's and LLP's movements in 'Trade and other payables' included a non-cash movement in relation to a £30 million specie distribution received from the Pension Funding Partnership ('PFP' group) see Note 15.

5. The Group's and LLP's purchase of property, plant and equipment includes a non-cash movement of £5 million (2024: £8 million) in relation to capital accruals.

The notes on pages 23 to 94 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 May 2025

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 also been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ('IASB') and IFRS Interpretations Committee ('IFRIC') Interpretations. 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 material 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.

Consideration of climate change

In preparing these financial statements, the Group and the LLP have considered potential impacts resulting from climate change in the following areas:

- The carrying amounts and remaining useful economic lives of property, plant and equipment, intangible assets and right-of-use assets.
- Cash flow forecasts used in the impairment assessments of non-current assets, including goodwill.
- The carrying value of other assets and provisions.
- Going concern and the viability of the Group for the assessment period.

The Group and the LLP have not recognised any impairments or accelerated depreciation for any non-current assets as a consequence of climate-related risks. Current assets, including trade receivables, at the balance sheet date are expected to be realised within a relatively short timeframe, and therefore no climate-related risks have been identified for these balances. In addition, the Group and the LLP are not currently aware of any adverse exposures resulting from climate-related risks that would require provisions to be recognised at the balance sheet date.

Notes to the Financial Statements

For the year ended 31 May 2025

1. Basis of preparation (continued)

Consideration of climate change (continued)

The Group's and the LLP's internal Business Plan acts as the basis for the going concern assessment and for the impairment reviews of non-current assets, including goodwill. The Business Plan includes consideration of climate-related risks and any market opportunities expected within the Group's and the LLP's internal financial planning time horizon. At present climate-related risks do not materially impact the outcome of these assessments.

As a result, it has been concluded for the Group and the LLP that climate-related risks do not represent a critical accounting judgement or key source of estimation uncertainty for these financial statements. However, climate-related risks will continue to be monitored and reassessed in future reporting periods as the impacts of climate change evolve.

Going concern

These financial statements have been prepared on a going concern basis. The LLP's going concern assessment has been performed as part of the Group's going concern assessment. In its assessment of going concern, the Group has prepared forecasts reflecting the Group's business plan covering a period of at least 12 months from the date of when the financial statements are authorised for issue. A 12-month going concern assessment has been selected because this period reflects the Group's normal planning horizon, during which the Group has access to significant financial resources. In addition, the Group has prepared forecasts that extend beyond this 12-month minimum period as a matter of good liquidity management and to plan for future re-financing events. Given the absence of any re-financing requirements until late 2027, a 12-month assessment period is considered appropriate. 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 based on historical experience. In the severe, but plausible downside sensitivity scenarios, the following assumptions have been applied:

- Scenario 1: a 10% reduction in revenue with no cost mitigation;
- Scenario 2: a worsening of cash collection by 0.4 months; and
- Scenario 3: both a 10% reduction in revenue (with no cost mitigation) and a worsening of cash collection by 0.4 months.

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 distributions, 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 2025, the Group's net cash and cash equivalents position (net of borrowings) was £316 million (2024: £368 million) and the Group had undrawn facilities of £730 million (2024: £758 million). During the year, £50 million of new Private Placement Loan Notes were issued to the Group. Refer to Note 18 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 23.

At 31 May 2025, total assets of the Group were £3,546 million (2024: £3,621 million), and net liabilities attributable to members were £528 million (2024 restated: £651 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 £1,519 million (2024: £1,599 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 £61 million (2024: £56 million) expected to be payable in the 12 months from the date of when the financial statements are authorised for issue.

Notes to the Financial Statements

For the year ended 31 May 2025

1. Basis of preparation (continued)

Going concern (continued)

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 other members benefits including Early Retirement Annuities ('retirement annuities'), Death in Service benefits and Long-term Ill Health benefits totalling £60 million (2024 restated: £71 million), as detailed in Note 20.

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.

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

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, is achieved when the Group has: (i) power over the investee; (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.

For the LLP balance sheet, investments in subsidiaries are stated at cost less impairment.

Consolidation

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.

Notes to the Financial Statements

For the year ended 31 May 2025

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Foreign currency (continued)

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.

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, Technology & Transformation, Strategy, Risk & Transactions Advisory and Tax & Legal (Note 3). 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 Revenue from contracts with customers ('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.

Notes to the Financial Statements

For the year ended 31 May 2025

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Revenue (continued)

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.

Other than for contingent fee arrangements which are constrained in accordance with the requirements of 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 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 is in 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 audit 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 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.

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 16).

Notes to the Financial Statements

For the year ended 31 May 2025

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Contract assets

Contract assets 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 the 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 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.

Insurance contracts

Annuities to current and former members and other benefits provided to 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.

The Group provides the surviving spouse of any member who dies whilst in service and before retirement a death in service benefit from the date of the member's death for the remainder of their life. An additional payment is also made for any children financially supported by the member's spouse. A long-term ill health benefit is also paid when a member is unwell and unable to work. Both death in service and long-term ill health benefits are embedded within the Group's annuity arrangements.

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, death in service and long-term ill health benefits to calculate the impact of IFRS 17 on transition since it was deemed impracticable to apply the standard retrospectively. 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. These benefits form one portfolio and have been grouped to calculate the impact of IFRS 17 on transition.

The Group's members' annuities, death in service and long-term ill health benefits meet the IFRS 17 criteria of an insurance contract because the LLP has contractual obligations to pay members upon the occurrence of the insured events, being the survival of the annuitant, death and long-term illness while in service. 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, death in service and long-term ill health benefits 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, death and long-term illness while in service and could result in significant additional amounts being paid that would not be otherwise payable.

Notes to the Financial Statements

For the year ended 31 May 2025

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Insurance contracts (continued)

Annuities to current and former members and other benefits provided to members (continued)

The Group also provides for retirement annuities to members who retire earlier than the firm's normal retirement age. These are separate contractual arrangements from the members' annuities, death in service and long-term ill health. 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') to measure the retirement annuities on the transition date.

Initial measurement

The members' annuities, the retirement annuities, death in service and long-term ill health 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, death in service and long-term ill health benefits arose on transition to IFRS 17 on 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.

The fair value of the members' annuities, death in service and long-term ill health benefits were determined following the IFRS 13 Fair Value Measurement ('IFRS 13') principles (except a demand deposit floor was not applied) by reference to the pricing of pension 'buy-out' transactions that shared similar characteristics with the Group's scheme at the transition date. In determining the fair value under this method, the Group took into account the characteristics of the members' annuity, death in service and long-term ill health obligations, including their cashflows, mortality and inflation risk.

A key unobservable input in the valuation of the members' annuities was the future profit expectations which was assumed to increase in line with the CPI inflation curve. This same input determined the impact of the profit cap, which limited annuity payouts to 8% of the annual operating profits. This input was 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 was categorised as Level 3 within the fair value hierarchy.

The Group also applied the simplification available on transition to group contracts that were issued in different annual cohorts into a single group for measurement purposes. The CPI inflation curves and the yield curves that were used at the transition date are as follows:

	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 Group has applied the fair value approach in applying IFRS 17 on its members' annuities, death in service and long-term ill health benefits at the transition date which impact the amount of CSM at initial recognition. The Group has also applied the measurement principle of GMM on these benefits and retirement annuities for the subsequent periods as outlined in the 'Subsequent measurement' section below.

Notes to the Financial Statements

For the year ended 31 May 2025

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Insurance contracts (continued)

Initial measurement (continued)

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.

Subsequent measurement

The carrying amount of members' annuities, death in service, long-term ill health benefits and retirement 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 the annuities, death in service and long-term ill health payout services that will be provided under the contracts in future periods and any remaining CSM at that date. The fulfilment cash flows 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, death in service and long-term ill health 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, death in service and long-term ill health 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, for members' death in service and long-term ill health benefits it's based on the sum assured.

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 2025

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Insurance contracts (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 the most significant insurance component of the Group's insurance arrangements and are unfunded with no backing assets, the illiquidity premium is set at each reporting date 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, retirement annuities and the additional benefits of death in service and long-term ill health has been set equal to PRA risk-free curve plus an illiquidity premium of 1.64% (2024: 1.67%). Refer to Note 20 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 83% (2024: 84%). 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 17% (2024: 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% (2024: 64%) at the end of the reporting period.

Presentation

The members' annuities, death in service, long-term ill health and the retirement annuities are grouped as a single portfolio of insurance contracts as they are subject to similar risks and are similar products, being the payment of annuities and benefits to members. The single portfolio of insurance contracts 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. A maturity analysis of the estimated future cash flows for these annuities, including the death in service and long-term ill health benefits is provided in Note 20.

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

Notes to the Financial Statements

For the year ended 31 May 2025

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Insurance contracts (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 income/(expense) 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 income/(expense) 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 income/(expense) from insurance contracts in the consolidated income statement.

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. These amounts retained for tax are treated in the financial statements in the same way as other profits of the partnership and so are included in 'Amounts due to/from members' or 'members' other reserves' depending on whether or not division of profits has occurred.

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

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.

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.

Notes to the Financial Statements

For the year ended 31 May 2025

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Intangible assets (continued)

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

Asset class	Rate
Computer software	3 – 14 Years
Customer relationships, order books, brands and contracts	5 – 17 Years

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:

- The technical feasibility of completing the intangible asset so that it will be available for use;
- The intention to complete the intangible asset and use it;
- The ability to use the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use the intangible asset; and
- 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.

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.

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 SaaS arrangements costs as an operating expense (as the Group does not control the software) and recognises these costs in the income statement as the services are received.

If the Group pays the supplier before receiving those services, the costs are recognised as a prepayment on the face of balance sheet. The amortisation of the prepayment is recognised as an operating expense over the term of the service contract, typically five to ten years.

Costs incurred for the development that enhances, 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.

Notes to the Financial Statements

For the year ended 31 May 2025

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

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 scrapping 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.

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 CGU 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. The impairment of 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 when they are readily convertible to cash, are subject to an 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.

Notes to the Financial Statements

For the year ended 31 May 2025

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Cash and cash equivalents (continued)

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet, as they do not meet the netting criteria of IAS 32 Financial Instruments: Presentation. 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. 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.

Financial instruments

Financial assets and financial liabilities are recognised in the 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, except for equity instruments (see below), 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

Equity investments other than investments in subsidiaries, associates and joint ventures 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 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.

Notes to the Financial Statements

For the year ended 31 May 2025

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.

Notes to the Financial Statements

For the year ended 31 May 2025

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 23.

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.

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 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.

Notes to the Financial Statements

For the year ended 31 May 2025

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Leases (continued)

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.

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 depend on an index or rate, which are initially measured using the index or rate at the lease commencement date. If the variable lease payments change due to a change in the index or rate, 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 lease term comprises the non-cancellable lease term and any extension options (or periods after termination options) when these additional periods are reasonably certain to arise at the commencement of a lease.

Notes to the Financial Statements

For the year ended 31 May 2025

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Leases (continued)

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.

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. See Note 19 for further details regarding the measurement of the provisions held by the LLP and Group and the expected timing of settlement.

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 or income is calculated by applying a discount rate to the net defined benefit liability or asset.

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.

Notes to the Financial Statements

For the year ended 31 May 2025

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Employee Benefits (continued)

When the defined benefit schemes are in 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.

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 make 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. For the Deloitte UK Pension Scheme ('DUKPS'), no unconditional right to a refund exists; therefore, no surplus is recognised, and any surplus is fully restricted under the asset ceiling requirements. For the defined benefit pension schemes operating in Switzerland, the asset ceiling is determined based on the present value of any economic benefits available in the form of reductions in future contributions to the plan.

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.

Notes to the Financial Statements

For the year ended 31 May 2025

2. Accounting policies (continued)

2.1 Material accounting policies (continued)

Members (continued)

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.

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 Accounting Standards 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 and the LLP

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

Determination of lease liability lease terms

Extension options are included in a number of the Group's and the LLP's leases to provide operational flexibility. Management evaluates all relevant factors that create an economic incentive to exercise extension options. This includes the location of the asset and its importance to the business, whether there are significant penalties for not extending the lease and whether leasehold improvements have significant remaining value.

The Group and the LLP exercise significant judgement to determine the lease term for those lease contracts that include an extension option. Such options are included in or excluded from the lease term, depending on whether they are reasonably certain to be exercised. This assessment significantly affects the value of lease liabilities and right-of-use assets recognised on the balance sheet.

Notes to the Financial Statements

For the year ended 31 May 2025

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 and the LLP

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.

The Key sources of estimation uncertainty for insurance contract liabilities

The Group and the LLP estimate future cash flows for the benefits payable to members, using best estimate assumptions for inflation, unit growth, life expectancy, and other demographics. These assumptions are reviewed at each reporting date to reflect current conditions. The key source of estimation uncertainty for the carrying value of the insurance contract liabilities are discount curves and, for the LLP only, inflation curves.

The impact from changing the 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 meaning the net impact of any such adjustment is not expected to materially impact the carrying amount of insurance contract liabilities.

See note 2.1 for methods and techniques used to determine the discount curves. See note 20 for details of sensitivity analysis of the impact of changes in discount curves and inflation curves.

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 is considered a reasonably possible change. This would be expected to result in a change of £39 million (2024: £41 million) in the Group's revenues.

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 and associated uncertainties are set out in Note 19.

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, for the LLP only, there is a significant risk of a material adjustment to the carrying amount in the next financial year arising from reasonably possible changes to this assumption. Further details of the estimates and assumptions are set out in Note 22. The Group and the LLP continues to review these assumptions against experience and market data and adjustments will be made in future periods where appropriate.

Notes to the Financial Statements

For the year ended 31 May 2025

2. Accounting policies (continued)

2.3 Amendments to IFRS Accounting Standards adopted by the Group and the LLP

In the current year, the Group and LLP have applied a number of amendments to IFRS Accounting Standards issued by the IASB and endorsed by the United Kingdom Endorsement Board ('UKEB') that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16); and
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

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

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

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability – 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;
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7 - effective 1 January 2026; and
- Presentation and Disclosure in Financial Statements (IFRS 18) – 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 18 Presentation and Disclosure in Financial Statements ('IFRS 18')

IFRS 18 is a new accounting standard issued by the IASB. The requirements are effective on a mandatory basis for annual reporting periods beginning on or after 1 January 2027 subject to endorsement by the UKEB. As such, the first fiscal year in which the Group and the LLP will apply IFRS 18 is expected to be the year ending 31 May 2028.

While IFRS 18 does not impact recognition and measurement, it is expected to impact presentation and disclosure for all entities applying IFRS accounting standards including the Group and the LLP. The most notable changes introduced by IFRS 18 include:

- the requirement to classify income and expenses into one of five categories in the statement of profit or loss;
- the introduction of required sub-totals being operating profit or loss and profit or loss before financing and income taxes;
- the introduction of a disclosure note for entities that use particular types of management performance measures in communications; and
- the introduction of enhanced criteria relating to the aggregation and disaggregation of financial statement line items.

The Group and the LLP are monitoring the endorsement status of IFRS 18 by the UKEB and anticipate commencing an impact assessment subsequent to the year-end.

Notes to the Financial Statements

For the year ended 31 May 2025

3. Revenue

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

£'million	2025	As re-presented 2024
Audit & Assurance	1,105	1,086
Strategy, Risk & Transactions Advisory	1,027	1,029
Tax & Legal	1,451	1,363
Technology & Transformation	2,093	2,268
	5,676	5,746

On 1 October 2024, the Group completed a process to modernise and simplify its storefront and go-to market strategy. The five Businesses reported in the prior year, being Audit & Assurance, Consulting, Financial Advisory, Risk Advisory and Tax & Legal, have been reorganised into four Businesses. Following this reorganisation the four businesses are (1) Audit & Assurance (2) Strategy, Risk & Transactions Advisory, (3) Tax & Legal and (4) Technology & Transformation. The prior year comparatives of: Audit & Assurance £1,090 million, Consulting £1,968 million, Financial Advisory £757 million, Risk Advisory £568 million and Tax & Legal £1,363 million have been re-presented to reflect this storefront change.

Under the new storefront, the Financial Advisory business was transferred to Strategy, Risk & Transactions Advisory, the Risk Advisory business was sub-divided between Technology & Transformation (£376 million of prior year revenues) and Strategy, Risk & Transactions Advisory (£192 million of prior year revenues), and the Consulting business was also sub-divided between Technology & Transformation (£1,892 million of prior year revenues) and Strategy, Risk & Transactions Advisory (£76 million of prior year revenues). A small part of the Audit & Assurance business was transferred to Strategy, Risk & Transactions Advisory (£4 million of prior year revenues). The Tax & Legal businesses remained unchanged following the storefront reorganisation.

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

£'million	2025	2024
United Kingdom	4,873	4,908
Switzerland	796	825
Other	7	13
	5,676	5,746

Details of the Group's and LLP's trade receivables and contract assets are disclosed in Note 16 and contract liabilities in Note 17.

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 2025 and 2024, 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 2025

4. Employee costs

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

£'million	Group 2025	Group 2024	LLP 2025	LLP 2024
Salaries ¹	2,292	2,364	1,287	1,269
Social security costs	260	262	157	154
Pension costs (Note 22)				
Defined contribution	248	249	166	164
Defined benefit – current and past service cost (including curtailments)	53	36	-	-
	2,853	2,911	1,610	1,587

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 2025	Group 2024	LLP 2025	LLP 2024
Fee earning employees	22,578	24,058	13,401	13,769
Non-fee earning employees	4,400	4,546	3,863	4,008
	26,978	28,604	17,264	17,777

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

Number	Group 2025	Group 2024	LLP 2025	LLP 2024
Fee earning employees	21,471	23,118	12,669	13,221
Non-fee earning employees	3,734	3,706	3,239	3,218
	25,205	26,824	15,908	16,439

The average monthly number of members of the Group and LLP during the year was 762 (2024: 760). The average monthly number of members on a full-time equivalent basis of the Group and LLP during the year was 751 (2024: 749).

Notes to the Financial Statements

For the year ended 31 May 2025

5. Other operating expenses

Other operating expenses incurred comprise:

£'million	2025	Restated ¹ 2024
Expenses and sub-contractor costs on customer assignments	1,311	1,267
Impairment charges on non-current assets (Notes 9, 10 and 11)	1	2
Net impairment losses on financial assets (Notes 15 and 16)	11	-
Other ²	616	697
	1,939	1,966

1. Prior year other operating expenses have been restated as long-term ill health benefits incurred were previously recognised as 'other operating expenses' when they should have been recognised as insurance service expenses, see Note 20 for further details.

2. 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.

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

£'000	2025	2024
Audit of LLP and Group financial statements	492	500
Audit of subsidiaries' financial statements	375	407
Total audit fees	867	907
Other non-audit services	65	250

6. Net finance costs

£'million	2025	2024
Finance income:		
Interest income	(21)	(25)
Net interest income on defined benefit pension scheme obligations (Note 22)	-	(1)
	(21)	(26)
Finance costs:		
Interest on borrowings	17	12
Finance charges on lease liabilities (Note 11)	14	14
Unwinding of discounts on provisions (Note 19)	2	1
	33	27
Net finance costs	12	1

7. Finance income/(expense) from insurance contracts

£'million	2025	2024
Interest accreted	(57)	(64)
Effect of changes in interest rates and other financial assumptions	61	(16)
Effect of changes in fulfilment cash flows at current rates when contractual service margin is unlocked at locked in rates	(1)	-
Finance income/(expense) from insurance contracts	3	(80)

Notes to the Financial Statements

For the year ended 31 May 2025

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	2025	2024
Current tax on income of subsidiary entities for the financial year	14	27
Deferred tax movements	-	2
Tax expense in corporate subsidiaries	14	29

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

£'million	2025	2024
Profit on ordinary activities of corporate entities before tax	44	115
UK Corporation Tax at 25% (2024: 25%)	11	29
Impact of items not deductible for tax purposes	-	(1)
Impact of income not taxable for tax purposes	1	1
Effect of different tax rates across the Group	-	(1)
Adjustment in respect of prior periods	1	-
Other adjustments	1	1
Total tax expense	14	29

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. At 31 May 2025, the corporation tax payable is £1 million (2024: £3 million) and is included within 'Trade and other payables' (Note 17) in the balance sheet. Additionally, corporation tax receivable is £19 million (2024: £4 million) and is included within 'Trade and other receivables' (Note 16) in the balance sheet.

The Group's deferred tax asset of £2 million (2024: £2 million), is primarily related to temporary differences for property, plant and equipment. Deferred tax balances on temporary differences as at 31 May 2025 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 EUR750 million ("Pillar Two"). Pillar Two rules are enshrined in UK legislation and the ultimate parent entity for these purposes will be Deloitte NSE. These rules came into operation for the year ended 31 May 2025, with reporting by 31 May 2026, 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 the profits of the Group's subsidiaries are also largely expected to be higher than the minimum rate and are in any event subject to tax on the members upon distribution. Therefore, this is not expected to have a material tax impact on the LLP and the Group.

Notes to the Financial Statements

For the year ended 31 May 2025

9. Intangible assets

Group

£'million	Goodwill	Computer software	Customer relationships, order books, brands and contracts	Total
Cost				
At 1 June 2023	87	33	41	161
Disposals	-	(19)	-	(19)
At 31 May 2024	87	14	41	142
Disposals	(6)	(4)	-	(10)
Translation of foreign operations	8	-	4	12
At 31 May 2025	89	10	45	144
Accumulated amortisation/impairment				
At 1 June 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
Amortisation charge	-	1	1	2
Impairment charge	1	-	-	1
Disposals	(2)	(4)	-	(6)
Translation of foreign operations	-	-	4	4
At 31 May 2025	1	7	39	47
Net book value				
At 31 May 2025	88	3	6	97
At 31 May 2024	85	4	7	96

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.

As a result of the changes in the Group's storefront (Note 3), the Group has reassessed the composition of several of its CGU groupings for the purposes of goodwill allocation. Accordingly, this required the Group to perform a reallocation of its goodwill balances to align to its new CGU groupings. The below table summarises the reallocation of the Group's prior year goodwill balances as a result of the storefront changes:

£'million	As presented in 2024	Goodwill reallocation	2024 re-presented
UK Consulting	49	(49)	-
UK Technology & Transformation	-	42	42
UK Strategy, Risk & Transactions Advisory	-	7	7
Switzerland Consulting	17	(17)	-
Switzerland National Practice	-	17	17
UK Tax & Legal	16	-	16
Other	3	(3)	-
UK Strategy, Risk & Transactions Advisory	-	2	2
UK Audit & Assurance	-	1	1
	85	-	85

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For the year ended 31 May 2025

9. Intangible assets (continued)

As a result of this reorganisation the Group has identified and reallocated its goodwill balances to five group's of CGUs, being UK Audit & Assurance, UK Strategy, Risk & Transactions Advisory, UK Tax & Legal, UK Technology & Transformation, and the Switzerland National Practice. The revised group's of CGUs is aligned with the chief operating decision maker's review of the operating results.

In the current year, the Group's goodwill balances have been allocated for impairment testing purposes to the following groups of CGUs:

£'million	2025
UK Technology & Transformation	37
Switzerland National Practice	25
UK Tax & Legal	18
UK Strategy, Risk & Transactions Advisory	7
UK Audit & Assurance	1
	88

The Group tests whether goodwill has suffered any impairment at least annually. For the 2025 and 2024 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 of the industries 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 current year 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 National Practice 9.5% (2024: 10.50%), UK Technology & Transformation 12.25% (2024: 11.75%) and UK Tax & Legal 13.5% (2024: 13.00%).

A long-term growth rate of 2.2% (2024: 1.6%), used to extrapolate cash flows after the five-year forecast period, for the UK groups of CGUs, is based on a forecasted UK Consumer Price Index ('CPI'). In the prior year, this rate was linked to UK GDP growth rates. For the Switzerland National Practice groups of CGUs, a long-term growth rate of 0.7% (2024: 1.5%) has been used, based on a forecasted Swiss CPI. In the prior year, this rate was linked to Swiss GDP growth rates.

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.

Notes to the Financial Statements

For the year ended 31 May 2025

9. Intangible assets (continued)

LLP

£'million	Goodwill	Computer software	Customer relationships, order books, brands and contracts	Total
Cost				
At 1 June 2023	19	28	14	61
Disposals	-	(19)	-	(19)
At 31 May 2024	19	9	14	42
Disposals	(1)	(3)	-	(4)
At 31 May 2025	18	6	14	38
Accumulated amortisation/impairment				
At 1 June 2023	-	25	10	35
Amortisation charge	-	-	-	-
Impairment charge	-	-	2	2
Disposals	-	(19)	-	(19)
At 31 May 2024	-	6	12	18
Amortisation charge	-	1	-	1
Disposals	-	(3)	-	(3)
At 31 May 2025	-	4	12	16
Net book value				
At 31 May 2025	18	2	2	22
At 31 May 2024	19	3	2	24

At 31 May 2025, the goodwill within the LLP reflects the business acquisitions attributable to, predominantly, UK Tax & Legal. The LLP's goodwill balance did not require any reallocation following the storefront changes.

Notes to the Financial Statements

For the year ended 31 May 2025

10. Property, plant and equipment

Group

£'million	Leasehold improvements	Computer equipment	Fixture and fittings	Assets under construction	Total
Cost					
At 1 June 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
Additions	12	33	2	32	79
Disposals	(7)	(24)	(2)	(1)	(34)
Transfers	26	2	3	(31)	-
Exchange differences	2	1	-	-	3
At 31 May 2025	305	148	67	52	572
Accumulated depreciation/impairment					
At 1 June 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
Depreciation charge	22	25	5	-	52
Disposals	(7)	(24)	(2)	-	(33)
Exchange differences	1	1	-	-	2
At 31 May 2025	157	94	45	-	296
Net book value					
At 31 May 2025	148	54	22	52	276
At 31 May 2024	131	44	22	52	249

Assets under construction for the Group include IT assets of £4 million and leasehold improvements of £48 million (2024: IT costs of £8 million and leasehold improvements of £43 million).

Capital commitments relating to property, plant and equipment contracted but not provided for at 31 May 2025 amounted to £7 million (2024: £60 million) for the Group and related principally to leasehold improvements.

Notes to the Financial Statements

For the year ended 31 May 2025

10. Property, plant and equipment (continued)

LLP

£'million	Leasehold improvements	Computer equipment	Fixture and fittings	Assets under construction	Total
Cost					
At 1 June 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
Additions	12	30	2	30	74
Disposals	(7)	(24)	(2)	-	(33)
Transfers	26	2	3	(31)	-
At 31 May 2025	258	129	61	50	498
Accumulated depreciation/impairment					
At 1 June 2023	123	72	41	-	236
Depreciation charge	12	18	4	-	34
Disposals	(13)	(8)	(6)	-	(27)
At 31 May 2024	122	82	39	-	243
Depreciation charge	17	22	4	-	43
Disposals	(7)	(23)	(2)	-	(32)
At 31 May 2025	132	81	41	-	254
Net book value					
At 31 May 2025	126	48	20	50	244
At 31 May 2024	105	39	19	51	214

Assets under construction for the LLP include IT assets of £3 million and leasehold improvements of £47 million (2024: IT assets of £8 million and leasehold improvements of £43 million).

Capital commitments relating to property, plant and equipment contracted but not provided for at 31 May 2025 amounted to £7 million (2024: £60 million) for the LLP and related principally to leasehold improvements.

Notes to the Financial Statements

For the year ended 31 May 2025

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 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
Additions	5	5	9	19
Disposals	(34)	(8)	-	(42)
Remeasurement and other movements ¹	13	(1)	1	13
At 31 May 2025	790	14	34	838
Accumulated depreciation/impairment				
At 1 June 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
Depreciation charge	59	2	11	72
Disposals	(34)	(8)	-	(42)
Remeasurement and other movements ¹	4	(2)	-	2
At 31 May 2025	294	5	20	319
Net book value				
At 31 May 2025	496	9	14	519
At 31 May 2024	541	5	15	561

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

Notes to the Financial Statements

For the year ended 31 May 2025

11. Leases (continued)

Right-of-use assets (continued)

LLP

£'million	Buildings	Equipment	Motor vehicles	Total
Cost				
At 1 June 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
Additions	5	5	9	19
Disposals	(33)	(8)	-	(41)
Remeasurement and other movements ¹	7	(1)	2	8
At 31 May 2025	697	7	35	739
Accumulated depreciation/impairment				
At 1 June 2023	190	10	11	211
Depreciation charge	51	3	9	63
Disposals	(12)	(3)	(11)	(26)
At 31 May 2024	229	10	9	248
Depreciation Charge	50	1	11	62
Disposals	(33)	(8)	-	(41)
Remeasurement and other movements ¹	2	(2)	-	-
At 31 May 2025	248	1	20	269
Net book value				
At 31 May 2025	449	6	15	470
At 31 May 2024	489	1	15	505

1. Other movements include transfers and lease modifications.

Amounts recognised in the income statement consist of:

£'million	Group 2025	Group 2024	LLP 2025	LLP 2024
Depreciation expense on right-of-use assets	72	73	62	63
Finance charges on lease liabilities (Note 6)	14	14	13	14
Expense relating to short-term leases	1	2	1	2
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 23.

The Group and the LLP lease buildings, equipment and vehicles. At 31 May 2025, the weighted average remaining lease term is 10 years (2024: 11 years) for the Group and 10 years (2024: 12 years) for the LLP. The Group and LLP has several lease contracts that include extension options. The undiscounted future rental payments, relating to periods following the extension exercise date (October 2036), that are not included in the lease liability and right-of-use assets are £155 million.

The total cash outflow for leases for the Group and LLP were £80 million (2024: £81 million) and £70 million (2024: £72 million) respectively, consisting of fixed and variable payments.

At 31 May 2025, the Group and LLP had committed to leases which had not yet commenced. The total future cash outflow that had not yet commenced was £nil (2024: £1 million).

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For the year ended 31 May 2025

12. Interests in joint ventures and associates

Group

£'million	2025	2024
At 1 June	23	17
Share of results	4	8
Repayment of capital	-	(2)
Dividend received	(5)	-
At 31 May	22	23

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, associates and joint ventures

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

LLP

£'million	Subsidiary undertakings	Associates & joint ventures ¹	Total
Cost			
At 1 June 2023 and 31 May 2024	11	-	11
Additions ²	193	-	193
31 May 2025	204	-	204
Provision			
At 1 June 2023, 31 May 2024 and 31 May 2025	3	-	3
Net book value			
At 31 May 2025	201	-	201
At 31 May 2024	8	-	8

1. The associate and joint venture balances are less than £1million.
2. During the year, Deloitte LLP made capital contributions totalling £193 million to its subsidiaries D&T Consulting Holdings Limited (£178 million), Deloitte Management Services Limited (£10 million), and Deloitte SA Services Limited (£5 million).

14. Prepayments for Software-as-a-Service

The movements in the Prepayments for Software-as-a-Service during the current year were as follows:

£'million	Group	LLP
At 1 June 2024	-	-
Charge for the year	(1)	(1)
Additions	27	24
At 31 May 2025	26	23

£'million	Group 2025	LLP 2025
Income statement charge	1	1

£'million	Group 2025	LLP 2025
Included in current assets	3	3
Included in non-current assets	23	20
	26	23

Notes to the Financial Statements

For the year ended 31 May 2025

15. 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 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
Capital repayments	-	(2)	(2)	-	(2)	(2)
Exchange differences	-	(1)	(1)	-	(1)	(1)
Fair value adjustment	2	-	2	2	-	2
At 31 May 2025	15	28	43	12	10	22
Provision						
At 1 June 2023, 31 May 2024 and 31 May 2025	-	-	-	-	-	-
Net book value						
At 31 May 2025	15	28	43	12	10	22
At 31 May 2024	13	31	44	10	13	23

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 23).

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 2025

16. Trade and other receivables and contract assets

Trade and other receivables

£'million/	Group 2025	Group 2024	LLP 2025	LLP 2024
Customer receivables	718	795	488	523
Due from DTTL network firms ¹	144	175	93	107
Trade receivables	862	970	581	630
Amounts owed by Group undertakings	-	-	62	38
Corporation tax	19	-	-	-
Insurance reimbursement receivable	4	-	4	-
Prepayments	54	57	42	53
Other receivables ²	56	60	49	47
	995	1,087	738	768

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.

As at 1 June 2023, Group and LLP trade receivables from contracts with customers amounted to £723 million and £473 million respectively.

Contract assets

£'million	Group 2025	Group 2024	Group 1 June 2023	LLP 2025	LLP 2024	LLP 1 June 2023
Contract assets ¹	785	811	795	610	609	579
	785	811	795	610	609	579

1. 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 and certain other receivables approximates their fair value (Note 23).

Notes to the Financial Statements

For the year ended 31 May 2025

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

Loss allowance – Group

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

£'million	Trade receivables		Contract assets	
	2025	2024	2025	2024
At 1 June	17	22	3	3
Individually credit impaired receivables	19	8	-	-
Unused amount reversed	(8)	(8)	-	-
Receivables written off during the year as uncollectable	(3)	(5)	-	-
At 31 May	25	17	3	3

The loss allowances as at 31 May 2025 was determined as follows:

Group £'million	Trade receivables				Total	Contract assets	Total
	30 days or less	31 to 90 days	91 to 180 days	More than 181 days			
Gross carrying amount	508	281	66	32	887	788	1,675
Expected credit loss rate	0.35%	0.57%	2.34%	5.03%		0.35%	
Collectively assessed loss allowance	(2)	(1)	(1)	(2)	(6)	(3)	(9)
Individually assessed loss allowance	-	(1)	-	(18)	(19)	-	(19)
Total loss allowance	(2)	(2)	(1)	(20)	(25)	(3)	(28)
Net balance	506	279	65	12	862	785	1,647

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

Group £'million	Trade receivables				Total	Contract assets	Total
	30 days or less	31 to 90 days	91 to 180 days	More than 181 days			
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

Notes to the Financial Statements

For the year ended 31 May 2025

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

Loss allowance – LLP

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

£'million	Trade receivables		Contract assets	
	2025	2024	2025	2024
At 1 June	12	15	2	2
Individually credit impaired receivables	13	5	-	-
Unused amount reversed	(5)	(4)	-	-
Receivables written off during the year as uncollectable	(3)	(4)	-	-
At 31 May	17	12	2	2

The loss allowance as at 31 May 2025 was determined as follows:

£'million	Trade receivables				Total	Contract assets	Total
	30 days or less	31 to 90 days	91 to 180 days	More than 181 days			
Gross carrying amount	355	179	42	22	598	612	1,210
Expected credit loss rate	0.35%	0.57%	2.34%	5.03%		0.35%	
Collectively assessed loss allowance	(1)	(1)	(1)	(1)	(4)	(2)	(6)
Individually assessed loss allowance	-	(1)	-	(12)	(13)	-	(13)
Total loss allowance	(1)	(2)	(1)	(13)	(17)	(2)	(19)
Net balance	354	177	41	9	581	610	1,191

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

£'million	Trade receivables				Total	Contract assets	Total
	30 days or less	31 to 90 days	91 to 180 days	More than 181 days			
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

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For the year ended 31 May 2025

17. Trade and other payables and contract liabilities

Trade and other payables

£'million	Group 2025	Group 2024	LLP 2025	LLP 2024
Trade payables	34	52	26	43
Due to DTTL network firms ¹	113	118	75	75
Amounts owed to Group undertakings	-	-	67	33
Corporation tax	1	3	-	-
Social security and other taxes	148	176	123	127
Accruals	579	594	369	372
Others ²	28	41	14	32
	903	984	674	682

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.

Contract liabilities

£'million	Group 2025	Group 2024	Group 1 June 2023	LLP 2025	LLP 2024	LLP 1 June 2023
Contract liabilities	294	367	338	213	256	226
	294	367	338	213	256	226

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 23).

Group

During the financial year ended 31 May 2025, £363 million (2024: £321 million) of the Group's £367 million (2024: £338 million) prior year recorded contract liabilities were recognised as revenue.

LLP

During the financial year ended 31 May 2025, £255 million (2024: £217 million) of the LLP's £256 million (2024: £226 million) prior year recorded contract liabilities were recognised as revenue.

Notes to the Financial Statements

For the year ended 31 May 2025

18. Cash and cash equivalents and borrowings

Cash and cash equivalents comprise:

£'million	Group 2025	Group 2024	LLP 2025	LLP 2024
Cash at bank	152	109	53	55
Demand deposits	85	105	85	105
Cash equivalents:				
Over-night deposits	30	35	30	35
Short-term fixed deposits	9	99	9	36
Short-term liquidity funds	290	220	290	220
	566	568	467	451

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 2025	Group 2024	LLP 2025	LLP 2024
Unsecured borrowings at amortised cost				
Private Placement Loan Notes	250	200	250	200
	250	200	250	200

£'million	Group 2025	Group 2024	LLP 2025	LLP 2024
Amounts due for settlement within 12 months	-	-	-	-
Amounts due for settlement after 12 months	250	200	250	200
	250	200	250	200

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%
Note 2024	2024	£50 million	20 December 2034	5.64%

On 14 November 2023, the UK and Swiss National Practice issued 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%

On 20 December 2024, the UK National Practice issued new senior unsecured Private Placement Loan Notes comprising:

- Note 2024, a note with a principal value of £50m maturing in December 2034 with a Semi-Annual Coupon of 5.64%

The weighted average interest cost of the notes during the year was 6.07% (2024: 6.18%). The Group and the 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.

Notes to the Financial Statements

For the year ended 31 May 2025

18. Cash and cash equivalents and borrowings (continued)

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

This first prepayment option represents a standalone embedded derivative, as it is not closely related to the host contract. The embedded derivative has a £nil fair value (2024: £nil). The prepayment options are standard features of these instruments and do not impact their classification. No option has been exercised at the reporting date, and the Group and the LLP has not otherwise entered into an irrevocable commitment to repay the Notes within the next 12 months. Therefore, the Notes have been classified as non-current liabilities. Furthermore, upon the occurrence of certain events, the Notes are either required to be mandatorily prepaid or 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. We have determined that this second prepayment clause is closely related to the host contract and is not required to be separated from the host contract. None of the required events have taken place at the reporting date. This also does not impact the classification of the Notes.

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\$126 million with a Semi-Annual Coupon of 4.40%; and
- Series C Note with a principal value of £10 million with a Semi-Annual Coupon of 4.16%.

The cross-currency swap agreement associated with the 2013 Series B notes expired simultaneously. Further details are provided in Note 23.

The current and prior year movements on the Notes are provided below:

£'million	Series A	Series B	Series C	Note 2024	Total
At 1 June 2023	-	103	10	-	113
Settled	-	(103)	(10)	-	(113)
Issued	180	20	-	-	200
At 31 May 2024	180	20	-	-	200
Issued	-	-	-	50	50
At 31 May 2025	180	20	-	50	250

Other facilities - Group

At 31 May 2025, the Group had total facilities of £730 million (2024: £758 million) with leading international banks. Please see Note 23 for the LLP's and Group's liquidity risk management policy. These facilities comprised:

- Revolving credit facilities totalling £675 million (2024: £705 million) which expire on 08 December 2027; and
- Overdraft facilities of £55 million (2024: £53 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 2025, £nil (2024: £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 2025 the LLP had total facilities of £685 million (2024: £715 million) with banks. Please see Note 23 for LLP's and Group's liquidity risk management policy. These facilities include the revolving credit facilities totalling £675 million described above and a £10 million overdraft facility which is indefinite. At 31 May 2025, £nil (2024: £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 2025

18. 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					Amounts due
£'million	Lease liabilities	Non-current borrowings	Current borrowings	Members' capital	(from)/to members
At 1 June 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)
Lease payments	(66)	-	-	-	-
Interest payment	(14)	(12)	-	-	-
New borrowings raised	-	50	-	-	-
Repayment of capital to former members	-	-	-	(25)	-
Capital contributions by members	-	-	-	27	-
Payments to members	-	-	-	-	(674)
Interest accrued	14	14	-	-	-
Foreign exchange movements	2	-	-	-	-
Other non-cash movements ¹	26	(2)	-	-	636
At 31 May 2025	610	250	-	293	(198)

1. The Group's other non-cash movements relate to lease additions of £19 million (2024: £30 million) and remeasurements of £7 million (2024: £20 million), allocation of profit to members of £637 million (2024: £595 million) and amounts due to/from retired members of £1 million (2024: £16 million).

Notes to the Financial Statements

For the year ended 31 May 2025

18. Cash and cash equivalents and borrowings (continued)

Cash flow reconciliations (continued)

LLP					Amounts due
£'million	Lease liabilities	Non-current borrowings	Current borrowings	Members' capital	(from)/to members
At 1 June 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)
Lease payments	(57)	-	-	-	-
Interest payment	(13)	(12)	-	-	-
New borrowings raised	-	50	-	-	-
Repayment of capital to former members	-	-	-	(25)	-
Capital contributions by members	-	-	-	27	-
Payments to members	-	-	-	-	(674)
Interest accrued	13	14	-	-	-
Foreign exchange movements	-	-	-	-	-
Other non-cash movements ¹	25	(2)	-	-	636
At 31 May 2025	562	250	-	293	(198)

1. The LLP's other non-cash movements relate to lease additions of £19 million (2024: £30 million) and remeasurements of £6 million (2024: £6 million), allocation of profit to members of £638 million (2024: £595 million) and amounts due to/from retired members of £1 million (2024: £16 million).

Notes to the Financial Statements

For the year ended 31 May 2025

19. Provisions

Group

£'million	Property provisions	Claims and regulatory proceedings	Total
At 1 June 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
Charge for the year	1	24	25
Paid in the year	(1)	(8)	(9)
Unused amount released	(2)	(7)	(9)
Unwinding of discount (Note 6)	2	-	2
At 31 May 2025	46	57	103
Income statement charge			
2025	-	17	17
2024	1	22	23

£'million	Group 2025	Group 2024	LLP 2025	LLP 2024
Included in current liabilities	28	27	27	27
Included in non-current liabilities	75	67	72	64
	103	94	99	91

LLP

£'million	Property provisions	Claims and regulatory proceedings	Total
At 1 June 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
Charge for the year	1	24	25
Paid in the year	(1)	(8)	(9)
Unused amount released	(2)	(7)	(9)
Unwinding of discount (Note 6)	1	-	1
At 31 May 2025	44	55	99
Income statement (credit)/charge			
2025	(1)	17	16
2024	1	10	11

Notes to the Financial Statements

For the year ended 31 May 2025

19. Provisions (continued)

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 (2024: £46 million) are expected to be utilised by 2041 (2024: 2041). Property provisions for the LLP of £44 million (2024: £45 million) are expected to be utilised by 2037 (2024: 2037). The following table shows the timeline in which undiscounted costs in relation to the property provisions are expected to become current:

Group

£'million 2025	Current	1-5 years	5-10 years	10 years plus	Total
Property provisions	3	9	9	45	66

£'million 2024	Current	1-5 years	5-10 years	10 years plus	Total
Property provisions	3	9	9	45	66

LLP

£'million 2025	Current	1-5 years	5-10 years	10 years plus	Total
Property provisions	3	9	7	45	64

£'million 2024	Current	1-5 years	5-10 years	10 years plus	Total
Property provisions	3	9	7	45	64

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 (2024: 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. The balance was £21 million as at 31 May 2025 (2024: £20 million), with £4 million presented within 'trade and other receivables' (2024: £nil) (Note 16).

Notes to the Financial Statements

For the year ended 31 May 2025

20. Insurance Contract liabilities

Prior year restatement

The Group and the LLP provides its members with particular benefits related to death in service and long-term ill health. Under these arrangements, the members, or their beneficiaries, are entitled to compensation should a covered event occur. These arrangements meet the definition of an insurance contract within the scope of IFRS 17. On transition to IFRS 17, in the prior year, these benefits were not included in the insurance contract liability and, accordingly, prior year comparative information has been retrospectively restated as follows:

(a) Changes to 1 June 2023 opening balance sheet for the Group:

Balance Sheet (£'million)	As previously reported	IFRS 17 measurement	As restated
Insurance contract liabilities	1,610	46	1,656
Non-current liabilities	2,552	46	2,598
Total liabilities	4,131	46	4,177
Net liabilities attributable to members	(648)	(46)	(694)
Members' other reserves	(648)	(46)	(694)

(b) Changes to 1 June 2023 opening balance sheet for the LLP:

Balance Sheet (£'million)	As previously reported	IFRS 17 measurement	As restated
Insurance contract liabilities	1,610	46	1,656
Non-current liabilities	2,505	46	2,551
Total liabilities	3,629	46	3,675
Net liabilities attributable to members	(943)	(46)	(989)
Members' other reserves	(943)	(46)	(989)

(c) Changes to 31 May 2024 balance sheet for the Group:

Balance Sheet (£'million)	As previously reported	IFRS 17 measurement	As restated
Insurance contract liabilities	1,624	46	1,670
Non-current liabilities	2,762	46	2,808
Total liabilities	4,226	46	4,272
Net liabilities attributable to members	(605)	(46)	(651)
Members' other reserves	(605)	(46)	(651)

(d) Changes to 31 May 2024 balance sheet for the LLP:

Balance Sheet (£'million)	As previously reported	IFRS 17 measurement	As restated
Insurance contract liabilities	1,624	46	1,670
Non-current liabilities	2,691	46	2,737
Total liabilities	3,738	46	3,784
Net liabilities attributable to members	(956)	(46)	(1,002)
Members' other reserves	(956)	(46)	(1,002)

(e) Changes to 31 May 2024 consolidated income statement:

Income Statement (£'million)	As previously reported	IFRS 17 measurement	As restated
Other operating expenses	(1,968)	2	(1,966)
Insurance revenue	69	3	72
Insurance service expense	(65)	(5)	(70)

Notes to the Financial Statements

For the year ended 31 May 2025

20. Insurance Contract liabilities (continued)

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

Liabilities for remaining coverage				
£'million	Excluding loss component	Loss component	Liability for incurred claims	Restated ¹ Total
At 1 June 2023				
Insurance contract liabilities (as previously stated)	1,590	20	-	1,610
Effect of IFRS 17 restatement ¹	42	4	-	46
As restated at 1 June 2023 ¹	1,632	24	-	1,656
Insurance revenue				
Contracts under the fair value transition approach	(72)	-	-	(72)
	(72)	-	-	(72)
Insurance service expense				
Incurred claims and other insurance service expenses	-	(10)	64	54
Losses and reversal of losses on onerous contracts	-	16	-	16
Insurance service result	(72)	6	64	(2)
Finance expense from insurance contracts	78	2	-	80
Total changes in profit or loss	6	8	64	78
Cash flows				
Claims paid	-	-	(64)	(64)
Total cash flows	-	-	(64)	(64)
At 31 May 2024				
Insurance contract liabilities restated	1,638	32	-	1,670

Liabilities for remaining coverage				
£'million	Excluding loss component	Loss component	Liability for incurred claims	Total
At 1 June 2024				
Insurance contract liabilities (restated) ¹	1,638	32	-	1,670
Insurance revenue				
Contracts under the fair value transition approach	(79)	-	-	(79)
	(79)	-	-	(79)
Insurance service expense				
Incurred claims and other insurance service expenses	-	(13)	70	57
Losses and reversal of losses on onerous contracts	-	4	-	4
Insurance service result	(79)	(9)	70	(18)
Finance (income)/expense from insurance contracts	(4)	1	-	(3)
Total changes in profit or loss	(83)	(8)	70	(21)
Cash flows				
Claims paid	-	-	(70)	(70)
Total cash flows	-	-	(70)	(70)
At 31 May 2025				
Insurance contract liabilities	1,555	24	-	1,579

1. Prior year comparatives have been restated as a result of the recognition of additional IFRS 17 insurance contract liabilities.

Notes to the Financial Statements

For the year ended 31 May 2025

20. Insurance Contract liabilities (continued)

Reconciliation of measurement components of insurance contract balances Group and LLP

£'million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin ²	Restated ¹ Total
At 1 June 2023				
Insurance contract liabilities (as previously stated)	1,356	109	145	1,610
Effect of IFRS 17 restatement ¹	38	5	3	46
As restated at 1 June 2023 ¹	1,394	114	148	1,656
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	15	-	-	15
	15	(10)	(7)	(2)
Changes that relate to future services				
Changes in estimate that adjust the CSM	(42)	15	27	-
Insurance service result	(27)	5	20	(2)
Finance expense from insurance contracts	75	-	5	80
Total change in profit or loss	48	5	25	78
Cash flows				
Claims paid	(64)	-	-	(64)
Total cash flows	(64)	-	-	(64)
At 31 May 2024				
Insurance contract liabilities restated	1,378	119	173	1,670

£'million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin ²	Total
At 1 June 2024				
Insurance contract liabilities (restated) ¹	1,378	119	173	1,670
Changes that relate to current service				
CSM recognised for services provided	-	-	(6)	(6)
Changes in risk adjustment for non-financial risk for risk	-	(14)	-	(14)
Experience adjustments	2	-	-	2
	2	(14)	(6)	(18)
Changes that relate to future services				
Changes in estimate that adjust the CSM	(18)	40	(22)	-
Insurance service result	(16)	26	(28)	(18)
Finance expense/(income) from insurance contracts	6	(13)	4	(3)
Total change in profit or loss	(10)	13	(24)	(21)
Cash flows				
Claims paid	(70)	-	-	(70)
Total cash flows	(70)	-	-	(70)
At 31 May 2025				
Insurance contract liabilities	1,298	132	149	1,579

1. Prior year comparatives have been restated as a result of the recognition of additional IFRS 17 insurance contract liabilities.

2. 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 2025

20. Insurance Contract liabilities (continued)

Insurance Revenue

£'million	2025	Restated ¹ 2024
Amounts relating to the changes in liabilities for remaining coverage:		
CSM recognised for services provided	6	7
Change in risk adjustment for non-financial risk for risk expired	14	10
Expected incurred annuity payments	59	55
Total Insurance Revenue	79	72

1. Prior year comparatives have been restated as a result of the recognition of additional IFRS 17 insurance contract liabilities.

The following table analyses the expected recognition of the CSM in profit or loss for members' annuities.

£'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
At 31 May 2024	2	3	3	3	3	17	135	166
At 31 May 2025	2	3	3	3	3	15	113	142

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with members' annuities, retirement annuities, death in service and long-term ill health benefits 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 for members' annuities, retirement annuities, death in service and long-term ill health benefits 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
At 31 May 2024 (restated) ¹	68	65	65	64	62	294	250	510	1,378
At 31 May 2025	70	68	67	64	63	292	234	440	1,298

1. Prior year comparatives have been restated as a result of the recognition of additional IFRS 17 insurance contract liabilities.

Key assumptions in the measurement of insurance contracts

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
2025	5.7%	5.5%	5.8%	6.1%	6.3%	6.1%
2024	6.7%	5.8%	5.7%	5.7%	5.7%	5.5%

The inflation curves used are as follows:

	1 year	5 years	10 years	15 years	20 years	40 years
2025	3.7%	2.9%	3.3%	3.3%	3.2%	2.7%
2024	4.3%	3.6%	3.5%	3.5%	3.2%	2.9%

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For the year ended 31 May 2025

20. Insurance Contract liabilities (continued)

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 the LLP, assuming other assumptions remain unchanged. In practice this is unlikely to occur, and changes in some assumptions may be correlated.

£'million	Change in variable	Increase (reduction) in profit before tax	2025	
			Increase (reduction) in insurance contract liabilities	Increase (reduction) in equity
Discount rate	1.00% reduction	(189)	189	(189)
	1.00% increase	157	(157)	157
Inflation rate	0.50% reduction	36	(36)	36
	0.50% increase	(33)	33	(33)

£'million	Change in variable	Increase (reduction) in profit before tax	2024 Restated ¹	
			Increase (reduction) in insurance contract liabilities	Increase (reduction) in equity
Discount rate	1.00% reduction	(212)	212	(212)
	1.00% increase	172	(172)	172
Inflation rate	0.50% reduction	35	(35)	35
	0.50% increase	(31)	31	(31)

1. Prior year comparatives have been restated as a result of the recognition of additional IFRS 17 insurance contract liabilities.

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21. Members' interests

Group

£'million	Members' capital	Members' other reserves	Amounts due to/(from) members	Total
Balance at 1 June 2023 (as previously stated)	284	(648)	(54)	(418)
Effect of IFRS 17 restatement ¹	-	(46)	-	(46)
Balance at 1 June 2023 (restated) ¹	284	(694)	(54)	(464)
Profit for the year	-	651	-	651
Other comprehensive loss for the year	-	(11)	-	(11)
	284	(54)	(54)	176
Operating profit allocated to members ²	-	(595)	595	-
Capital contributions by members	27	-	-	27
Repayment of capital	(20)	-	-	(20)
Payments to members	-	-	(717)	(717)
Transfer out – Retired members' balances (net) ³	-	-	16	16
Deemed distribution to parent	-	(2)	-	(2)
Balance at 1 June 2024 (restated) ¹	291	(651)	(160)	(520)
Profit for the year	-	757	-	757
Other comprehensive loss for the year	-	4	-	4
	291	110	(160)	241
Operating profit allocated to members ²	-	(637)	637	-
Capital contributions by members	27	-	-	27
Repayment of capital	(25)	-	-	(25)
Payments to members	-	-	(674)	(674)
Transfer out – Retired members' balances (net) ³	-	-	(1)	(1)
Deemed distribution to parent	-	(1)	-	(1)
Balance at 31 May 2025	293	(528)	(198)	(433)

1. Prior year comparatives have been restated as a result of the recognition of additional IFRS 17 insurance contract liabilities, see Note 20 for further details.

2. The unit allocation is completed after the year end, and accordingly there was no discretionary allocation of the 31 May 2024 profits in the prior year and the 2025 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 2024 and 2025. 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.

3. The balances above have been transferred out of 'Amounts due to/from members' to 'Other debtors' and 'Other creditors'.

Notes to the Financial Statements

For the year ended 31 May 2025

21. Members' interests (continued)

LLP

£'million	Members' capital	Members' other reserves	Amounts due to/(from) members	Total
Balance at 1 June 2023 (as previously stated)	284	(943)	(54)	(713)
Effect of IFRS 17 restatement ¹	-	(46)	-	(46)
Balance at 1 June 2023 (restated) ¹	284	(989)	(54)	(759)
Profit for the year	-	586	-	586
Other comprehensive loss for the year	-	(2)	-	(2)
	284	(405)	(54)	(175)
Operating profit allocated to members ²	-	(595)	595	-
Capital contributions by members	27	-	-	27
Repayment of capital	(20)	-	-	(20)
Payments to members	-	-	(717)	(717)
Transfer out – Retired members' balances (net) ³	-	-	16	16
Deemed distribution to parent	-	(2)	-	(2)
Balance at 1 June 2024 (restated) ¹	291	(1,002)	(160)	(871)
Profit for the year	-	981	-	981
Other comprehensive income for the year	-	1	-	1
	291	(20)	(160)	111
Operating profit allocated to members ¹	-	(637)	637	-
Capital contributions by members	27	-	-	27
Repayment of capital	(25)	-	-	(25)
Payments to members	-	-	(674)	(674)
Transfer out – Retired members' balances (net) ³	-	-	(1)	(1)
Deemed distribution to parent	-	(1)	-	(1)
Balance at 31 May 2025	293	(658)	(198)	(563)

1. Prior year comparatives have been restated as a result of the recognition of additional IFRS 17 insurance contract liabilities, see Note 20 for further details.

2. The unit allocation is completed after the year end, and accordingly there was no discretionary allocation of the 31 May 2024 profits in the prior year and the 2025 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 2024 and 2025. 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.

3. The balances above have been transferred out of 'Amounts due to/from members' to 'Other receivables' and 'Other payables'.

Notes to the Financial Statements

For the year ended 31 May 2025

21. Members' interests (continued)

Group and LLP

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

£'million	Members' capital	Amounts due from members
2024		
Non-Current	263	-
Current	28	(160)
Balance at 31 May 2024	291	(160)
2025		
Non-Current	279	-
Current	14	(198)
Balance at 31 May 2025	293	(198)

Members' capital is classified as a financial liability, because it is repayable when a member leaves the Group. Amounts due from members are expected to be settled within 12 months of the balance sheet date.

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 £1,519 million (2024: £1,599 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 £61 million (2024: £56 million) expected to be payable in the 12 months from the date of when the financial statements are authorised for issue.

Members' other reserves includes accumulated profits/losses and other immaterial reserves such as the retranslation of foreign operations.

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 2025. As a result, the balance of profit available for division among the members as at 31 May 2025 is included in members' other reserves.

Notes to the Financial Statements

For the year ended 31 May 2025

22. Employee Benefits

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

£'million	Group 2025	Group 2024	LLP 2025	LLP 2024
Contributions to defined contribution scheme (Note 4)	248	249	166	164
Current and past service cost for employee benefit schemes (including curtailments) and net interest income	53	35	-	-
	301	284	166	164

The employee benefits liability for the year was:

£'million	Group 2025	Group 2024	LLP 2025	LLP 2024
Defined benefit retirement obligation	42	10	-	-
Swiss Jubilee scheme	-	8	-	-
	42	18	-	-

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 2025, the DPP scheme had 21,492 members (2024: 22,501), of which 15,310 members (2024: 15,690) related to employees of the LLP. At 31 May 2025, the Group and LLP had £nil (2024: Group and LLP £nil) 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.

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 to value the assets and liabilities of the scheme at the balance sheet date.

Notes to the Financial Statements

For the year ended 31 May 2025

22. Employee Benefits (continued)

Retirement benefit schemes (continued)

Defined benefit schemes (continued)

During the current year, the Switzerland national practice changed its third-party pension provider from a fully insured scheme operated by Baloise, to a semi-autonomous collective foundation operated by Profond (the 'Swiss Schemes', and when taken together with the UK Scheme, the 'Schemes'). Profond's board of Trustees are responsible for the investment policy with regards to the assets of the fund. The Trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the plans.

Under the Swiss Schemes, the final benefit is contribution-based with certain minimum guarantees. Due to these minimum guarantees, the Group's Swiss Schemes are 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.

The Swiss Schemes require contributions from employees and the Group. The employee contributions are based on the age of the employee through an age dependent contribution rate applied to the salary of the employees. Employees can also make discretionary contributions to the plans. The Group funds the cost of the entitlements expected to be earned on a yearly basis. The funding requirements are based on a local actuarial measurement framework. The contributions made to the collective foundation are invested at the discretion of Profond's board of Trustees.

In circumstances where an under-funding arises, this may be remedied by various measures such as increasing employee and employer contributions, lowering interest rates on retirement savings, or reducing prospective benefits. If the funded status of the Swiss Schemes were to deteriorate, the Group might be required to make additional pension contributions. However, as at 31 May 2025 there is no underfunding requirement.

The switch in pension provider for the Swiss Schemes led to certain benefits being modified, resulting in a past service cost of £24 million being recorded in the Group's current year income statement. The past service cost comprises £7 million attributable to an increase in maximum insured salaries and death and disability benefits changes and £17 million resulting from higher conversion rates (the rates at which employee savings capital are converted into an annual retirement annuity).

Virgin Media Limited vs NTL Pension Trustees II Limited

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 for schemes 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 required actuarial confirmation in writing 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 conducted a comprehensive review of any deed amendments made to the DUKPS between 1997 and 2016. In conducting this review, the Group considered when an actuarial confirmation would be required based on an interpretation of the above ruling. The Group did not identify any instances of the scheme failing to obtain the necessary section 37 actuarial confirmations and accordingly, concluded, the above ruling is not expected to materially impact the liability. However, the Group will continue to monitor any further announcements in relation to this ruling and perform any additional analysis, should the circumstances change.

Notes to the Financial Statements

For the year ended 31 May 2025

22. Employee Benefits (continued)

Retirement benefit schemes (continued)

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. The UK Scheme's investment strategy, focused primarily on low-risk corporate bonds, mitigates significant investment risk. Now that the Swiss Schemes no longer operate under a fully insured model, the Group now ultimately bears the investment risk associated with the Swiss Scheme's assets. The Swiss Scheme's assets, representing the savings capital of employees, are invested across a relatively balanced portfolio of equity securities, debt instruments, and real estate. Due to the long-term nature of the plan liabilities, the Trustees of the pension fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund. Strategic management of the assets of the Schemes, including setting the asset allocation guidelines is the responsibility of the Trustees. The Trustees take 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 value of the Schemes' bond and debt investments. In addition, for the Swiss Schemes, changes in the interest credit rate will impact the level of projected savings, therefore increasing or decreasing the Scheme's liabilities. However, any such movements will be mainly offset by returns on scheme assets.

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.

Assumptions

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

Percentage	2025		2024	
	UK	Swiss	UK	Swiss
Discount rate	5.7	1.0	5.2	1.6
Inflation (RPI)	3.0		3.4	-
Inflation (CPI)	2.5		2.8	-
Interest Credit on Retirement Savings		3.5	-	1.3
Social Security Increase		1.0	-	2.0
Expected increase in pension payments				
RPI subject to a maximum of 5.0 % pa	2.9		3.1	-
RPI subject to a maximum of 4.0% pa	2.6		2.8	-
RPI subject to a maximum of 2.5% pa	1.9		2.0	-
Expected salary increase rate		2.4	-	2.4

For the UK Scheme, the mortality of the Scheme's 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 2024 improvements with a long-term rate of 1.25%. For the Swiss Schemes, the mortality of the Scheme's members is assumed to be in line with the BVG 2020 generational tables.

Notes to the Financial Statements

For the year ended 31 May 2025

22. Employee Benefits (continued)

Retirement benefit schemes (continued)

Assumptions (continued)

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

	2025	2024
<i>Retiring today:</i>		
Males	22	22
Females	24	24
<i>Retiring in 20 years:</i>		
Males	23	23
Females	25	25

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 0.50%	(29)
	Decrease by 0.50%	32
Inflation rate	Increase by 0.50%	19
	Decrease by 0.50%	(19)
Life expectancy	Increase by 1 year	20
	Decrease by 1 year	(20)

The analysis below shows the sensitivity of the value of the Swiss Schemes 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 0.50%	(26)
	Decrease by 0.50%	26
Expected salary increase rate	Increase by 0.25%	1
	Decrease by 0.25%	(1)

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 2025	Group 2024	LLP 2025	LLP 2024
Operating expenses – Current and past service cost	59	28	-	-
Finance costs – Asset ceiling	5	7	5	7
Finance costs – Net interest income	(5)	(8)	(5)	(7)
	59	27	-	-

Notes to the Financial Statements

For the year ended 31 May 2025

22. Employee benefits (continued)

Retirement benefit schemes (continued)

Amounts recognised in the Statement of Comprehensive Income

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

Group £'million	2025 UK	2025 Swiss	2025 Total	2024 UK	2024 Swiss	2024 Total
Return on Scheme assets (excluding amounts included in the net interest cost)	66	2	68	6	13	19
Actuarial losses/(gains) arising from changes in demographic assumptions	(4)	-	(4)	(5)	2	(3)
Actuarial losses/(gains)/ arising from changes in financial assumptions	(49)	72	23	24	19	43
Actuarial losses/(gains) arising from changes in experience assumptions	(2)	(63)	(65)	5	(13)	(8)
Re-measurements of defined benefit pension schemes	11	11	22	30	21	51
Effect of asset ceiling (excluding amounts included in the net interest cost)	(11)	(1)	(12)	(28)	(11)	(39)
	-	10	10	2	10	12

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 £'million	2025			2024		
	UK	Swiss	Total	UK	Swiss	Total
Fair value of Scheme assets	735	481	1,216	802	439	1,241
Present value of Scheme obligations	(639)	(523)	(1,162)	(700)	(448)	(1,148)
Funded status	96	(42)	54	102	(9)	93
Asset ceiling ¹	(96)	-	(96)	(102)	(1)	(103)
Additional minimum funding requirement	-	-	-	-	-	-
Net liability recognised in the balance sheet	-	(42)	(42)	-	(10)	(10)

1. As the Group does not have an unconditional right to a refund, an adjustment has been made in the amount of £96 million (2024: £103 million) representing the funded status where recoverability is contingent on events outside of the Group's control. The Swiss pension schemes represent two separate schemes, in the current year both schemes are in a net liability position. In the prior year, one of the schemes was in a surplus of £1 million and the other was in deficit of £10 million. In the prior year, the Swiss schemes have been offset on the basis of materiality.

Movement in Scheme assets

The movements in the Schemes' assets were as follows:

Group £'million	2025			2024		
	UK	Swiss	Total	UK	Swiss	Total
Opening fair value of Scheme assets	802	439	1,241	803	418	1,221
Interest income	40	7	47	42	8	50
Re-measurement loss: Return on Scheme assets (excluding amounts included in net interest cost)	(66)	(4)	(70)	(6)	(13)	(19)
Group contributions	-	40	40	2	32	34
Contributions from employees	-	22	22	-	23	23
Benefits paid	(41)	(42)	(83)	(39)	(10)	(49)
Exchange movement	-	19	19	-	(19)	(19)
Closing fair value of Scheme assets	735	481	1,216	802	439	1,241

Notes to the Financial Statements

For the year ended 31 May 2025

22. Employee benefits (continued)

Retirement benefit schemes (continued)

Allocation and market value of Scheme assets

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

Group		2025			2024		
£'million		UK	Swiss	Total	UK	Swiss	Total
Global equity	Unquoted		222	222	-	-	-
Corporate bonds	Quoted	620	-	620	466	-	466
Leverage liability hedging portfolio	Quoted	-	-	-	183	-	183
UK property ¹	Unquoted	37	-	37	45	-	45
Swiss property	Unquoted	-	104	104	-	-	-
Money market	Quoted	-	6	6	33	-	33
Debt fund	Unquoted	-	58	58	-	-	-
Debt fund	Quoted	-	9	9	-	-	-
Infrastructure	Unquoted	72	19	91	71	-	71
Private market and funds	Unquoted	-	23	23	-	-	-
Insured annuities	Unquoted	1	-	1	2	439	441
Cash at bank		5	40	45	2	-	2
		735	481	1,216	802	439	1,241

1. The UK property assets were incorrectly disclosed as quoted assets in the prior year. This has been corrected to disclose these as unquoted assets.

Scheme obligations

The changes in defined benefit obligations were as follows:

Group

Group		2025			2024		
£'million		UK	Swiss	Total	UK	Swiss	Total
Opening present value of defined benefit obligations		700	448	1,148	680	411	1,091
Current service cost		-	35	35	-	28	28
Interest cost		35	7	42	35	7	42
Contributions from employees		-	22	22	-	23	23
Remeasurement losses/(gains):							
Changes in demographic		(4)	-	(4)	(5)	2	(3)
Changes in financial assumptions		(49)	72	23	24	19	43
Experience adjustments on defined benefit		(2)	(63)	(65)	5	(13)	(8)
Past service cost (including curtailments)		-	24	24	-	-	-
Benefits paid		(41)	(42)	(83)	(39)	(10)	(49)
Exchange movement		-	20	20	-	(19)	(19)
Closing present value of defined benefit obligations		639	523	1,162	700	448	1,148

Asset ceiling

The changes in asset ceiling were as follows:

Group		2025			2024		
£'million		UK	Swiss	Total	UK	Swiss	Total
Opening restriction due to asset ceiling		102	1	103	123	7	130
Interest on asset ceiling		5	-	5	7	-	7
Other adjustments		-	-	-	-	4	4
Change in asset ceiling excluding interest		(11)	(1)	(12)	(28)	(10)	(38)
Closing restriction due to asset ceiling		96	-	96	102	1	103

Notes to the Financial Statements

For the year ended 31 May 2025

22. Employee benefits (continued)

Retirement benefit schemes (continued)

Maturity profile of the defined benefit obligation

The average duration of the UK Scheme at the end of the reporting period is 10 years (2024: 11 years). This number can be subdivided into the duration related to:

- Deferred members: 12 years (2024: 12 years); and
- Former members: 9 years (2024: 9 years).

The average duration of the Swiss Schemes at the end of the reporting period is 10 years (2024: 9 years).

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 44 million (2024: CHF 58 million) is expected to be made by the Group in respect of the Swiss Schemes in the next financial year, based on the local actuarial measurement framework.

Employee service awards

During the current year, the Swiss National Practice discontinued a long-term service rewards scheme ("Jubilee scheme") for some of its employees. In accordance with IAS 19, the Jubilee scheme was previously recognised as a long-term employee benefit and measured at the present value of the expected future cash flows that were expected to be made by the Swiss National Practice in respect of services provided by employees up to the reporting date. The discontinuation of the scheme has resulted in a one-off curtailment gain of £6 million in the current year (2024: £8 million past service cost) being recognised within past service cost in the Group's income statement.

Notes to the Financial Statements

For the year ended 31 May 2025

23. Financial instruments

Capital and financial risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain a capital structure that supports the cash requirements of the business and its strategic objectives.

To achieve this objective, the Group manages its capital by:

- Regularly reviewing its funding requirements: The Group undertakes regular reviews of its funding requirements to ensure that capital and debt facilities are adequate across the planning horizon. This involves forecasting cash flows and assessing the impact of plausible downside scenarios. Funding needs are identified well in advance, allowing for timely action to secure necessary resources.
- Periodically reviewing its financing strategy: The Group periodically reviews its financing strategy to ensure an appropriate mix of capital sources. This includes evaluating the balance between partner capital contributions, retained earnings, and external debt financing. This review also considers the cost of capital, financial covenants associated with debt facilities, and the Group's overall risk appetite. 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.
- Monitoring its capital composition: The Group's capital principally comprises members' capital, undistributed profits, and net debt, as detailed in Notes 18 and 21. The balance of capital and debt is actively monitored, and adjustments are made as needed to ensure a capital structure which is consistent with the business and its strategic objectives. For example, if internal limits for debt are projected to be met, the Group may consider increasing partner capital contributions or adjusting the pace of distributions.
- Actively managing working capital: The Group aims to minimize the level of short-term borrowing by actively managing and targeting customer receivables, amounts due from DTTL network firms, and contract assets. This includes optimizing billing cycles and implementing robust credit control procedures.

This approach to capital management enables the Group to meet its operational needs, pursue strategic opportunities, and navigate economic uncertainties while maintaining a robust financial position.

The Group holds financial instruments to finance its operations and manage foreign currency risks arising from its operations and sources of finance. 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 2025

23. Financial instruments (continued)

Capital and financial risk management (continued)

The carrying amounts of financial instruments are as follows:

Group

£'million	Carrying value				Fair value
	Assets at amortised cost	FVTPL	FVTOCI – designated	Liabilities at amortised cost	
At 31 May 2025					
Assets					
Trade and other receivables ¹	876	-	-	-	876
Contract assets	785	-	-	-	785
Amounts due from members	198	-	-	-	198
Cash and cash equivalents	276	290	-	-	566
Other non-current assets	28	-	15	-	43
Liabilities					
Trade and other payables ²	-	-	-	443	443
Borrowings	-	-	-	250	257
Lease liabilities	-	-	-	610	610
Members' capital	-	-	-	293	293
At 31 May 2024					
Assets					
Trade and other receivables ¹	994	-	-	-	994
Contract assets	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
Borrowings	-	-	-	200	202
Lease liabilities	-	-	-	648	648
Members' capital	-	-	-	291	291

1. Trade and other receivables in the balance sheet includes prepayments, corporation tax receivables, insurance reimbursement receivables and certain other receivables, which are not financial assets and hence excluded from the tables above.

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.

Notes to the Financial Statements

For the year ended 31 May 2025

23. Financial instruments (continued)

Capital and financial risk management (continued)

LLP

£'million	Carrying value				Fair value
	Assets at amortised cost	FVTPL	FVTOCI – designated	Liabilities at amortised cost	
At 31 May 2025					
Assets					
Trade and other receivables ¹	655	-	-	-	655
Contract assets	610	-	-	-	610
Amounts due from members	198	-	-	-	198
Cash and cash equivalents	177	290	-	-	467
Other non-current assets	10	-	12	-	22
Liabilities					
Trade and other payables ²	-	-	-	372	372
Borrowings	-	-	-	250	257
Lease liabilities	-	-	-	562	562
Members' capital	-	-	-	293	293
At 31 May 2024					
Assets					
Trade and other receivables ¹	688	-	-	-	688
Contract assets	609	-	-	-	609
Amounts due from members	160	-	-	-	160
Cash and cash equivalents	231	220	-	-	451
Other non-current assets	13	-	10	-	23
Liabilities					
Trade and other payables ²	-	-	-	323	323
Borrowings	-	-	-	200	202
Lease liabilities	-	-	-	594	594
Members' capital	-	-	-	291	291

1. Trade and other receivables in the balance sheet includes prepayments, corporation tax receivables, insurance reimbursement receivables and certain other receivables, which are not financial assets and hence excluded from the tables above.

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.

Notes to the Financial Statements

For the year ended 31 May 2025

23. Financial instruments (continued)

Fair value measurement

The Group's foreign exchange swap contracts, typically with maturities of one month or less, 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 2025 for the Group and LLP is £15 million (2024: £13 million) and £12 million (2024: £10 million) respectively (Note 15). 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 2025 and 2024 related to such investments. In the prior year, the Group and LLP's investment interest in the PFP group was disposed of at cost, for neither gain nor loss (Note 15). No 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 short-term liquidity funds is categorised within level 1 of the fair value hierarchy as it is based on quoted market prices. The fair value of the 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 2025 and 2024.

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.

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 18 for details of the Group's borrowings, including available facilities.

Notes to the Financial Statements

For the year ended 31 May 2025

23. Financial instruments (continued)

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.

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 2025					
Accruals	292	292	-	-	-
Trade payables	34	34	-	-	-
Due to DTTL network firms	113	113	-	-	-
Other payables	4	4	-	-	-
Lease liabilities	674	82	269	263	60
Private Placement Loan Notes	386	15	61	289	21
Members' capital	293	14	279	-	-
	1,796	554	609	552	81
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

Notes to the Financial Statements

For the year ended 31 May 2025

23. Financial instruments (continued)

Contractual maturity (continued)

LLP

£'million	Gross contractual cash flows	Within one year	2-5 years	5-10 years	More than 10 years
At 31 May 2025					
Accruals	204	204	-	-	-
Trade payables	26	26	-	-	-
Due to DTTL network firms	75	75	-	-	-
Amounts owed to Group undertakings	67	67	-	-	-
Lease liabilities	632	74	240	259	59
Private Placement Loan Notes	386	15	61	289	21
Members' capital	293	14	279	-	-
	1,683	475	580	548	80
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

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 (Note 16). 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. Amounts due from DTTL network firms, group undertakings, and members presents low credit risk, with minimal historical losses, and their management is similar to that of customer receivables.

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

For the year ended 31 May 2025

23. 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 DCTL 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 to economically manage foreign exchange risk.

At 31 May 2025, the Group had \$240 million (2024: \$240 million) of US dollar and €50 million (2024: €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, all 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 2013 Series B notes, denominated in US dollars, and its cross-currency swaps were repaid and settled 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 following table is a summary of the Group and LLP's net foreign currency-denominated monetary (liabilities)/assets:

£'million	Group 2025	Group 2024	LLP 2025	LLP 2024
Euro	6	127	83	75
US dollar	95	230	(325)	(209)
Swiss franc	5	3	107	34
Other	14	18	62	59
	120	378	(73)	(41)

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 2025	Group 2024	LLP 2025	LLP 2024
Impact on profit				
Euro currency impact	1	13	8	8
US dollar currency impact	9	23	(30)	(21)
Swiss franc currency impact	-	-	10	3
Other foreign currency impact	1	2	6	6
	11	38	(6)	(4)

Notes to the Financial Statements

For the year ended 31 May 2025

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	2025	2024	2025	2024	2025	2024	2025	2024
Deloitte NSE LLP	-	-	-	-	1	1	-	-
Deloitte NSE Group subsidiaries	273	286	(213)	(208)	87	108	(28)	(29)
Associates of the Deloitte NSE Group	206	200	(390)	(346)	42	44	(14)	(29)
	479	486	(603)	(554)	130	153	(42)	(58)

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	2025	2024	2025	2024	2025	2024	2025	2024
Subsidiaries	287	89	(35)	(40)	63	38	(67)	(33)
Deloitte NSE LLP	-	-	-	-	1	1	-	-
Deloitte NSE Group subsidiaries	187	167	(153)	(146)	49	53	(21)	(21)
Associates of the Deloitte NSE Group	155	158	(305)	(256)	32	35	(8)	(22)
	629	414	(493)	(442)	145	127	(96)	(76)

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 £22.5 million, with £1.1 million subscribed for this financial year (2024: £1.8 million). For the purposes of these financial statements, an amount of £1.1 million (2024: £1.8 million) was accounted for as a deemed distribution to Deloitte NSE.

Notes to the Financial Statements

For the year ended 31 May 2025

24. Related party transactions (continued)

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 2025, the average number of KMP of the Group comprised 14 members (2024: 15 members) and their profit entitlement was £25.9 million (2024: £26.3 million). At 31 May 2025, the amount due to the KMP of the Group is £nil (2024: £nil) and the amount due from them is £5.6 million (2024: £4.3 million).

LLP

For the year ended 31 May 2025, the average number of KMP of the LLP comprised 13 members (2024: 14 members) and their profit entitlement was £23.7 million (2024: £24.1 million). At 31 May 2025, the amount due to the KMP of the LLP is £nil (2024: £nil) and the amount due from them is £5.6 million (2024: £4.3 million).

In addition, the Group and the LLP provides for members' annuities payable to 14 KMP's (2024: 15) for the Group and 13 KMP's (2024: 14) 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 20.

Notes to the Financial Statements

For the year ended 31 May 2025

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. To the extent allowed by local accounting standards, 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 ³	England & Wales	£1 ordinary shares	-	100
Contractor Pay Limited ¹	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	100
Deloitte & Touche Holdings Limited	England & Wales	£1 ordinary shares	100	100
Deloitte & Touche Pension Trustees Limited ²	England & Wales	£1 ordinary shares	-	100
Deloitte India Services Limited	England & Wales	£1 ordinary shares	100	100
Deloitte International Services Limited	England & Wales	£1 ordinary shares	100	100
Deloitte Management Services Limited	England & Wales	£1 ordinary shares	100	100
Deloitte MCS Limited	England & Wales	£1 ordinary shares	-	100
Deloitte SA Services Limited	England & Wales	£1 ordinary shares	100	100
Deloitte Services Limited	England & Wales	£1 ordinary shares	100	100
Island Trustees (Midlands) Limited ³	England & Wales	£1 ordinary shares	-	100
Island Trustees (Northern) Limited ³	England & Wales	£1 ordinary shares	-	100
Island Trustees South West Limited ²	England & Wales	£1 ordinary shares	-	100
Island Trustees Limited	England & Wales	£1 ordinary shares	-	100
J.G.H.T. Nominees ³	England & Wales	£1 ordinary shares	-	100
Market Gravity Limited	England & Wales	£0.01 ordinary shares	-	100
		£0.01 'A' ordinary shares	-	100
		£1 Redeemable preference 'A' shares	-	100
Monitor Company Europe	England & Wales	£1 ordinary shares	-	100
		£1 Redeemable preference 'C' 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 ²	England & Wales	£1 ordinary shares	-	100
Spero Nominees Limited ²	England & Wales	£1 ordinary shares	-	100
Spero Trustee Company ²	England & Wales	£1 ordinary shares	-	100
Spero Trustee Company Birmingham ³	England & Wales	£1 ordinary shares	-	100
Spero Trustee Company Bristol Limited ²	England & Wales	£1 ordinary shares	-	100
Stonecutter Limited	England & Wales	£1 ordinary shares	-	100
Stonecutter Nominees Limited ²	England & Wales	£1 ordinary shares	-	100
Stonecutter Trustees Limited ²	England & Wales	£1 ordinary shares	-	100

1. On 21 August 2025 Contractor Pay Limited was placed into liquidation.

2. On 15 July 2025, Deloitte & Touche Pension Trustees Limited, Norstrand Trustees Limited, Spero Nominees Limited, Spero Trustee Company, Spero Trustee Company Bristol Limited, Stonecutter Nominees Limited, Stonecutter Trustees Limited, and Island Trustees South West Limited were dissolved.

3. On 12 August 2025, Brown Street Nominees Limited, Island Trustees (Midlands) Limited, Island Trustees (Northern) Limited, J.G.H.T. Nominees and Spero Trustee Company Birmingham were dissolved.

Notes to the Financial Statements

For the year ended 31 May 2025

25. Group undertakings (continued)

Subsidiary undertakings (continued)

Entity name	Country of incorporation	Share class	% directly held by LLP	% held by Group
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
Registered office: Gaspé House, 66-72 Esplanade, St Helier, Jersey, JE2 3QT				
Deloitte & Touche Management Limited	Jersey	£1 ordinary shares	100	100
Registered office: Glatigny Court, Glatigny Esplanade, St Peter Port, Guernsey, GY1 1WR				
Deloitte & Touche Management (Guernsey) Limited	Guernsey	£1 ordinary shares	-	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 (voting stock)	-	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, Sweden				
ACNE AB ¹	Sweden	SEK 10 ordinary shares	-	100
ACNE Advertising AB ¹	Sweden	SEK 0.10 ordinary shares	-	100
ACNE Film AB ¹	Sweden	SEK 50 ordinary shares	-	100
ACNE Photography AB ¹	Sweden	SEK 50 ordinary shares	-	100
Registered office: Landstrasse 123, 9495 Triesen, Liechtenstein				
Deloitte (Liechtenstein) AG	Liechtenstein	CHF 1 ordinary shares	-	100

1. The four ACNE AB entities merged into ACNE Advertising AB (May 2025), and ACNE Advertising AB was then placed into liquidation in July 2025.

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: 4th Floor 95 Gresham Street, London, EC2V 7AB				
ACNE Production Limited	England & Wales	£1 ordinary shares	-	100
Deloitte PMP Starter A Limited	England & Wales	£1 ordinary shares	100	100
Registered office: Lincoln Building, 27-45 Great Victoria Street, Belfast, BT2 7SL, Northern Ireland				
Etain Limited	Northern Ireland	£1 ordinary 'A' shares	-	100
		£1 ordinary 'B' shares	-	100
		£1 ordinary 'C' shares	-	100

Notes to the Financial Statements

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25. Group undertakings (continued)

Joint ventures and associates

Entity name	Country of incorporation	Share class	% directly held by LLP	% held by Group
Registered office: 1 New Street Square, London, EC4A 3HQ				
Braxton Associates Limited	England & Wales	£1 ordinary shares	67	67
Deloitte ERDC Limited	England & Wales	£1 ordinary shares	-	37
Deloitte European Support Services Limited	England & Wales	EUR 1 ordinary shares	-	51
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: Gategny Court, Gategny Esplanade, St Peter Port, GY1 1WR, Guernsey				
DTME 2 LLP	Guernsey	Designated Member	-	50
Registered office: Erna-Scheffler-Str. 2, 40476 Düsseldorf, Germany				
Deloitte PWD Service Management GmbH	Germany	EUR 1 ordinary shares	-	49



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