KPMG IT Advisory Limited
(formerly DNV IT Global Services Limited)

Directors' report and financial statements

Registered number 02807962

30 September 2010

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	3
Report of the independent auditor to the members of KPMG IT Advisory Limited	4
Income statement	5
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes	9-18

Directors' report

The directors present their annual report and the audited financial statements of the company for the nine months ended 30 September 2010

Business review

Nature of the business

In January 2010, the entire issued share capital of the company was acquired by KPMG LLP (see note 12) Following the change of ownership, the company changed its name to KPMG IT Advisory Limited (formerly DNV IT Global Services Limited)

The activity of KPMG IT Advisory Limited is the provision of specialist advisory services

Strategy

KPMG IT Advisory Limited's strategy reflects that of KPMG Europe LLP (ELLP), its ultimate controlling party at 30 September 2010 (see note 12) The purpose of the ELLP group (the group) is to turn knowledge into value for the benefit of its clients, its people and the capital markets More specifically, the defined strategy for KPMG IT Advisory Limited is to focus on the quality and integrity of advisory services

The group s business plan for the year ended 30 September 2010 continued to focus on people, client relationships, quality and reputation, and profitable growth Performance of the group is monitored regularly throughout the period using a range of key performance indicators (KPIs) including matters relevant to the group's Risk & Compliance practice (of which the company forms part) There were therefore no specific KPI's relating solely to the performance of the company

Change in year end and accounting convention

The company has changed its accounting reference date from 31 December to 30 September to coincide with the rest of the group and its subsidiary entities These results therefore cover the nine month period to 30 September 2010 The company has also adopted International Financial Reporting Standards as adopted by the European Union as its accounting convention The change has had no impact on the company's reported results or assets and liabilities (see note 1)

Performance and development during the period

Despite the difficult economic and trading environment for many clients, 2010 was a satisfactory period for KPMG IT Advisory Limited following its change of ownership Although revenues were lower than in the previous year, reduced costs resulted in a marginal profit for the nine month period No dividends were paid in either the current or prior period

Financial position at the end of the period

The company's financial position is satisfactory with amounts due from clients and related unbilled work under control and a modest amount of cash being held At 31 December 2009, the previous period end, all assets and liabilities were transferred to another member of the DNV group, as part of the sale agreement with KPMG LLP

Treasury policies

The company's treasury policies focus on ensuring that there are sufficient funds to finance the business Full details of the impact for the company of these treasury policies and management of the associated risks are given in note 11 to the financial statements

Relationships and resources

Relationships with clients

Fundamental to the company's strategy is strengthening existing, and building new, relationships, with growth based on a quality sales culture Relationships with clients are monitored through the group's routine client service reviews

Relationships with employees

The employees of the company comprise the directors within the meaning of the Companies Act 2006 (as listed below), those individuals authorised to sign reports to clients on behalf of the company ('product directors') and the company secretary Most of the directors and product directors are separately members of KPMG LLP, the company's intermediate parent entity, and of ELLP They receive no remuneration from KPMG IT Advisory Limited for services performed for the company

Charges are received from KPMG UK Limited, a company set up for staff employment purposes, in respect of time spent by its employees on assignments for KPMG IT Advisory Limited Charges are also received from KPMG LLP in respect of services provided to the company by members of KPMG LLP who were not separately product directors of the company

Every effort is made to ensure that there is no discrimination, direct or indirect, against disabled persons in any human resources policies or actions, including recruitment Employees who become disabled will, wherever possible, be retained in employment with the same opportunities for training and career development

Directors' report continued

Considerable emphasis is placed on open and effective communication between the company's directors, product directors and the employees of KPMG UK Limited This communication operates principally through regular meetings, newsletters and electronic mail bulletins

Relationships with the community

All community support work of the group in the UK is channelled through KPMG LLP Similarly, environmental matters in the UK are managed through KPMG LLP The company made no political or charitable contributions in either the current period or prior year

Relationships with creditors

Services to the company are provided principally by KPMG LLP and its subsidiaries Arrangements are in place to settle these accounts generally one month in arrears Services provided by other suppliers are not material and no amounts were outstanding at the period end The company does not follow a specific standard or code for payment, its policy is to agree terms of business with suppliers and to settle their accounts in accordance with such agreed terms

Future development and performance

Risk management and internal control systems exist within the group to ensure that risks affecting the future development and performance of the group are mitigated A number of risks generic to the accounting profession are also relevant to the future development and performance of the company

- Regulatory changes – the ability of the company, and of the group, to react to future changes in regulation,
- Failure to win key clients – the ability of the company to win and maintain key client relationships,
- Failure to maintain service quality – the ability of the company to consistently deliver high standards of client service

Each of these risk areas is considered by the board of ELLP as part of the overall risk management of the group

Directors and directors' interests

The directors who held office during the period were as follows

A Combelles	Resigned 22 January 2010
P Vamadevan	Resigned 22 January 2010
DK Sutcliffe	Resigned 22 January 2010
ED Pape	Resigned 22 January 2010
JG Griffith-Jones	Appointed 22 January 2010
R Bennison	Appointed 22 January 2010
MD Blake	Appointed 22 January 2010, resigned 31 August 2010
KIR Bannister	Appointed 22 January 2010
MN Marshall	Appointed 22 January 2010
K Davies	Appointed 22 January 2010
G Thompson	Appointed 22 January 2010
AH Anderson	Appointed 31 August 2010

Subsequent to the period end, K Davies resigned as director, on 17 March 2011 AH Anderson, MN Marshall and G Thompson all resigned on 10 June 2011, at which time AG Cates and P Long were appointed

The company is a wholly owned subsidiary of KPMG LLP (see note 12) The company's ultimate controlling party is ELLP Of the directors in office at 30 September 2010, JG Griffith-Jones, R Bennison, KIR Bannister, MN Marshall and AH Anderson therefore have no direct interest in the shares of the company but, by virtue of their position as members of KPMG LLP and ELLP, had an indirect interest in the entire share capital of the company

The company secretary is CG Cleaves

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Directors' report continued

Auditors

In accordance with Section 485 of the Companies Act 2006, Grant Thornton UK LLP were appointed as auditors of the company during the period In accordance with Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Grant Thornton will therefore continue in office

By order of the Board

CG Cleaves

CG Cleaves
Company Secretary

15 Canada Square
London
E14 5GL

21 June 2011

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRS as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Report of the independent auditor to the members of KPMG IT Advisory Limited

We have audited the financial statements of KPMG IT Advisory Limited for the nine months ended 30 September 2010, which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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

Respective responsibilities of the directors and auditor
As explained more fully in the statement of directors' responsibilities on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB)'s Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its profit for the nine month period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Grant Thornton UK LLP

Mark Cardiff
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

London
23 June 2011

GrantThornton

Income statement
for the nine months to 30 September 2010

	Note	2010 £000	Year ended 31 December 2009 £000
Revenue		**637**	2,227
Personnel costs	*4*	**(57)**	(1,201)
Depreciation		-	(2)
Other operating expenses	*3*	**(573)**	(1,402)
Operating profit/(loss)		**7**	(378)
Financial income	*5*	**13**	20
Financial expense	*5*	-	(26)
Net financial income/(expense)		**13**	(6)
Profit/(loss) before taxation		**20**	(384)
Tax expense	*6*	-	-
Profit/(loss) for the financial period		**20**	(384)

Statement of comprehensive income
for the nine months to 30 September 2010

	2010 £000	Year ended 31 December 2009 £000
Profit/(loss) for the financial period	**20**	(384)
Actuarial loss in respect of defined benefit pension scheme	-	(25)
Total comprehensive income/(expense) for the period	**20**	(409)

Statement of financial position
at 30 September 2010

	Note	2010 £000	31 December 2009 £000
Assets			
Current assets			
Trade and other receivables	7	**285**	-
Cash and cash equivalents	8	**58**	-
Total assets		**343**	-
Equity and liabilities			
Equity			
Share capital	10	**3,150**	3,150
Share premium account		**408**	408
Profit and loss account		**(3,538)**	(3,558)
		20	-
Current liabilities			
Trade and other payables	9	**323**	-
Total equity and liabilities		**343**	-

These financial statements on pages 5 to 18 were approved by the board of directors on 21 June 2011 and were signed on its behalf by

Paul Long
Director

KPMG IT Advisory Limited: 02807962

Statement of changes in equity
at 30 September 2010

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2009	3,150	408	(3,149)	409
Total comprehensive income – loss for the financial year	-	-	(409)	(409)
Balance at 31 December 2009	3,150	408	(3,558)	-
Total comprehensive income – profit for the financial period	-	-	20	20
Balance at 30 September 2010	**3,150**	**408**	**(3,538)**	**20**

Statement of cash flows
for the nine months ended 30 September 2010

	Note	2010 £000	Year ended 31 December 2009 £000
Cash flows from operating activities			
Profit/(loss) for the financial period		**20**	(384)
Adjustments for			
Financial income	*5*	**(13)**	(20)
Financial expense	*5*	-	26
Tax expense	*6*	-	-
		7	(378)
(Increase)/decrease in trade and other receivables		**(272)**	905
Increase/(decrease) in trade and other payables		**323**	(584)
Decrease in employee benefits provision	*4*	-	(10)
Cash generated from/(absorbed by) operations		**58**	(67)
Interest paid		-	(1)
Net cash generated from/(absorbed by) operating activities		**58**	(68)
Net increase/(decrease) in cash and cash equivalents		**58**	(68)
Cash and cash equivalents at the beginning of the period		-	68
Cash and cash equivalents at the end of the period	*8*	**58**	-

Notes
forming part of the financial statements

1 Accounting policies

KPMG IT Advisory Limited (the company) is a company incorporated in the UK

The company's financial statements have been prepared by the directors in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as adopted by the European Union (adopted IFRSs) The company is preparing its financial statements in accordance with adopted IFRSs for the first time as a result of being acquired by KPMG Europe LLP, an entity applying adopted IFRSs The company's previous financial statements, for the year ended 31 December 2009, were prepared in accordance with UK accounting standards

In adopting IFRS for the first time, the company has applied IFRS 1 However, the transition to IFRS had no impact on either the income statement or statement of financial position as previously presented under UK GAAP Accordingly, the statement of financial position as at 31 December 2008 required under IAS 1 is not presented Similarly, notes reconciling equity and profit under UK GAAP and IFRS, required by IFRS 1, are not relevant and so are not presented

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 January 2009 for the purposes of the transition to adopted IFRSs

In applying adopted IFRSs the company has applied improvements to IFRSs (issued by the IASB in April 2009) This amendment has various effective dates, some of which are for periods beginning on or after 1 July 2009, others for periods beginning on or after 1 January 2010 The latter have been voluntarily adopted in these financial statements These amendments have had no impact on these financial statements

The following amendment has been endorsed and will be adopted by the company in the year ending 30 September 2011

- Revised IAS 24 Related Party Disclosures effective for periods beginning on or after 1 January 2011

It is expected that this change will result in a small number of insignificant changes to disclosures but otherwise have no impact

Basis of preparation

These financial statements have been prepared in accordance with adopted IFRSs The financial statements have been approved by the directors The financial statements are prepared on the historical cost basis

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses Judgements made by management in the application of adopted IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2

The functional and presentation currency of the company is the pound sterling The financial statements are presented in thousands of pounds (£000), unless otherwise specified

Foreign currency

Transactions in foreign currencies are recorded at the foreign exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at year end are translated at the foreign exchange rate ruling at that date Foreign exchange differences arising on translation are recognised in the income statement within financial income or expense as appropriate

Notes continued

1 Accounting policies continued

Revenue

Revenue represents the fair value of the consideration receivable in respect of professional services provided during the period inclusive of recoverable expenses incurred on client assignments but excluding value added tax Where the outcome of a transaction can be estimated reliably, revenue associated with the transaction is recognised in the income statement by reference to the stage of completion at the period end, provided that a right to consideration has been obtained through performance Consideration accrues as contract activity progresses by reference to the value of work performed Hence revenue in respect of service contracts represents the cost appropriate to the stage of completion of each contract plus attributable profits, less amounts recognised in previous years where relevant

Where the outcome of a transaction cannot be estimated reliably, revenue is recognised only to the extent that the costs of providing the service are recoverable No revenue is recognised where there are significant uncertainties regarding recovery of the consideration due or where the right to receive payment is contingent on events outside the control of the company Expected losses are recognised as soon as they become probable based on latest estimates of revenue and costs

Unbilled revenue is included in trade and other receivables as 'Unbilled amounts for client work' Amounts billed on account in excess of the amounts recognised as revenue are included in 'Trade and other payables'

Recoverable expenses represent charges from other KPMG member firms and sub-contractors and out of pocket expenses incurred in respect of assignments in progress and expected to be recovered from clients accordingly

Taxation

Tax on the profit or loss for the period comprises current and deferred tax Tax is recognised in the income statement or statement of comprehensive income under the relevant heading and related balances are carried as tax payable or receivable in the statement of financial position

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the period end, and any adjustment to tax payable in respect of previous years

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the period end

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised

Financial income and expense

Financial income and expense comprises bank interest and expenses, foreign exchange gains and losses, expected returns on defined benefit pension plan assets interest on defined benefit pension plan liabilities and sundry finance income and expenses Interest income and expense is recognised as it accrues, using the effective interest method

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables

Trade and other receivables

Trade and other receivables (except unbilled amounts for client work) are recognised at fair value, based upon discounted cash flows at prevailing interest rates or at their nominal amount less impairment losses if due in less than 12 months Subsequent to initial recognition, trade and other receivables are valued at amortised cost less impairment losses

Trade and other payables

Trade and other payables are recognised at fair value, based upon the nominal amount outstanding Subsequent to initial recognition, they are recorded at amortised cost

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits The cash and cash equivalents are stated at their nominal values as this approximates to amortised cost

Notes continued

1 **Accounting policies** continued

Unbilled amounts for client work

Unbilled amounts for client work relate to service contract receivables on completed work where the fee has yet to be issued or where the service contract is such that work performed falls into a different accounting period

Unbilled amounts for client work are stated at cost plus profit recognised to date (in accordance with the revenue accounting policy above) less provision for foreseeable losses and net of amounts billed on account

Impairment

The carrying amounts of the company's assets are reviewed at each period end to determine whether there is any indication of impairment If any such indication exists, the asset's recoverable amount is estimated

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (being the effective interest rate computed at initial recognition of these financial assets) Receivables with a short duration are not discounted

The recoverable amount of other assets is the greater of their 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

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount Impairment losses are recognised in the income statement

An impairment loss in respect of a financial asset carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Insurance arrangements

A substantial level of insurance cover is maintained by the group in respect of professional negligence claims This cover is principally written through mutual insurance companies Premiums are expensed as they fall due

Where appropriate, provision is made for the uninsured cost to the company of settling negligence claims Separate disclosure is not made of insured costs and related recoveries on the grounds that such disclosure would be seriously prejudicial to the position of the company in any dispute with other parties

Employee benefits

Until 31 December 2009, the company operated a defined benefit pension plan for its employees The pension plan deficit was recognised in full in the statement of financial position until 31 December 2009, when the obligation was transferred to DNV Limited

Increases in the present value of the plan liabilities expected to arise from employee service in the period were charged to personnel costs The expected return on plan assets and the interest cost on plan liabilities were charged to financial income and expense respectively Actuarial gains and losses were taken directly to equity through the statement of comprehensive income

Staff costs

Staff costs include salary and social security costs of directors and product directors, together with charges for the use of staff employed by KPMG UK Limited, a company set up by KPMG LLP for staff employment purposes, and for the time of members of KPMG LLP who are not product directors of the company

Property, plant and equipment and depreciation

The company does not own or lease any property, plant and equipment The property and equipment which it uses in the course of its business are provided by KPMG LLP KPMG LLP renders charges to the company which include the use of such assets

Notes continued

2 Accounting estimates and judgements

The directors of the company do not consider there to be any critical accounting judgements in applying the company's accounting policies However, there are the following key sources of estimation uncertainty

Revenue on service contracts

In calculating revenue on service contracts, the company makes certain estimates as to the stage of completion of those contracts In doing so, the company estimates the remaining time and external costs to be incurred in completing contracts and the client's willingness and ability to pay for the services provided A different assessment of the outturn on a contract may result in a different value being determined for revenue and also a different carrying value being determined for unbilled amounts for client work

Trade and other receivables

The total carrying amount of trade receivables and unbilled amounts for client work is £285,000 (2009 £nil) net of impairment losses on trade receivables and after giving consideration to the clients' willingness to pay those amounts accrued in respect of incomplete contracts A different assessment of the recoverability of either balance may result in different values being determined

Claims

The company may from time to time receive claims in respect of professional negligence It defends any such claims vigorously but makes provision for the possible amounts considered likely to be payable, up to the deductible under related insurance arrangements A different assessment of whether each case is more likely than not to result in a settlement or of the possible cost involved, may result in a different provision and cost

3 Other operating expenses

Other operating expenses include direct expenses incurred on client assignments and (in 2010) amounts paid to KPMG LLP for services rendered (see note 12) Amounts paid to the auditors in respect of the audit of these financial statements were borne by KPMG LLP (2009 the company bore £8 000) The auditors provided no non-audit services during 2010 but their predecessors provided tax advice in 2009 for which they were paid £6,500

4 Personnel numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows

	Nine months to 30 September 2010 Number	Year ended 31 December 2009 Number
Statutory directors	**6**	4
Technical consultancy	-	15
Administration	-	1
	6	20

Notes continued

4 Personnel numbers and costs continued

The aggregate employment costs (including directors' emoluments) of these persons were as follows

	Nine months to 30 September 2010 £000	Year ended 31 December 2009 £000
Salaries (including bonuses)	-	1,052
Social security costs	-	116
Other pension costs	-	33
	-	1,201

No pension contributions are payable by the company in 2010 In the year ended 31 December 2009, the company was a member of a DNV group defined benefit pension scheme in the UK but withdrew from the scheme from that date The company had previously identified its share of the underlying assets and liabilities of the scheme The net liability of £10,000 was transferred to the other DNV group companies on 31 December 2009 Accordingly, there was no related asset or liability at either 30 September 2010 or 31 December 2009 and no further disclosures are given in these financial statements

As explained in note 1, KPMG IT Advisory Limited is charged for the use of staff employed by KPMG UK Limited and for the time of members of KPMG LLP who are not product directors of the company The total amount charged to the company in respect of the period was £57,000 (2009 £nil)

No amounts were paid to the directors in the period for their services to the company (2009 £154,000)

5 Financial income and expense

Recognised in profit or loss	Nine months to 30 September 2010 £000	Year ended 31 December 2009 £000
Expected return on defined benefit pension plan assets	-	7
Exchange gains	13	13
Financial income	13	20
Interest on defined benefit pension plan liabilities	-	6
Bank interest paid	-	1
Exchange losses	-	19
Financial expense	-	26

Notes continued

6 Tax expense

Analysis of charge in the period

	Nine months to 30 September 2010 £000	Year ended 31 December 2009 £000
Current year		
UK corporation tax on profits of the year at 28% (2009 28%)	-	-
Tax expense in income statement	-	-

	2010 £000	2009 £000
Current tax reconciliation		
Profit/(loss) before taxation	20	(384)
Profit/(loss) multiplied by the average standard rate of corporation tax in the UK of 28% (2009 28%)	6	(108)
Impact of items not taxable	-	(67)
Utilisation of losses brought forward/unrelieved tax losses carried forward	(6)	175
Actual tax charge for the period, as above	-	-

Deferred tax assets have not been recognised, largely in respect of tax losses totalling £2,300,000 because, in the opinion of the directors, there is insufficient evidence that these amounts will be recoverable against future taxable profits

7 Trade and other receivables

	30 September 2010 £000	31 December 2009 £000
Trade receivables	115	-
Unbilled amounts for client work	170	-
	285	-

There were no impairment provisions against trade receivables at 30 September 2010 or 31 December 2009 An analysis of overdue trade receivables is given in note 11 All receivables fall due within one year

8 Cash and cash equivalents

	30 September 2010 £000	31 December 2009 £000
Bank balances	58	-
Cash and cash equivalents in the statement of financial position	58	-

Notes continued

9 Trade and other payables

	30 September 2010 £000	31 December 2009 £000
Amounts billed on account	60	-
Amounts owed to other ELLP group undertakings	192	-
Other payables	71	-
	323	-

10 Capital

Share capital

	30 September 2010 £	31 December 2009 £
Authorised, allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
3,150,000 redeemable ordinary shares of £1 each	3,150,000	3,150,000
	3,150,002	3,150,002

The redeemable ordinary shares are redeemable at the company's option and otherwise bear the same rights as the ordinary shares

The share capital of the company is entirely owned by the KPMG LLP sub-group (see note 12) Capital requirements are considered by the group from time to time The share capital of the company is considered to be the only capital to be managed the objectives for managing capital being to ensure that the company remains solvent There are no externally imposed capital requirements

11 Financial instruments

Financial instruments held by the company arise directly from its operations The main purpose of these financial instruments is to finance the operations of the company It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken

The company has exposure to market risk, credit risk and liquidity risk arising from its use of financial instruments This note presents information about the company's exposure to each of the above risks The company adheres to group objectives, policies and processes for measuring and managing risk

The ELLP board has overall responsibility for the establishment and oversight of the group's risk management framework The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities The group, through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations

Further quantitative disclosures are included throughout these financial statements

Notes continued

11 Financial instruments continued

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its holdings of financial instruments The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company may use derivatives on a case by case basis in order to manage market risks The company does not hold or issue derivative financial instruments for trading purposes

Interest rate risk

The company faces interest rate risks from investing and financing activities The positions held are closely monitored by the Treasury function and proposals are discussed to align the positions with market expectations

Exchange rate risk

The functional currency of the company is the pound sterling However, certain expenses may be denominated in other currencies and some fees may be rendered in other currencies where this is requested by the clients involved

The company has access to group currency cash balances in order to cover exposure to existing foreign currency receivables and payables and also to committed future transactions denominated in a foreign currency

b) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from clients

Trade and other receivables

Exposure to credit risk is monitored on a routine basis and credit evaluations are performed on clients as appropriate The company does not require security in respect of financial assets

The company's exposure to credit risk is influenced mainly by the individual characteristics of each client Risk is monitored frequently with close contact with each client and routine billing and cash collection for work done

The company establishes allowances for impairment that represent its estimate of incurred losses in respect of trade and other receivables This allowance comprises a specific loss component that relates to individually significant items, and a collective loss component This component is established for groups of similar assets in respect of losses that have been incurred but not yet identified and is determined from historical data of payment statistics for similar financial assets updated for current economic conditions

Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of the company's financial and other assets as set out in the table below

	30 September 2010 £000	31 December 2009 £000
Loans and receivables		
Trade receivables	**115**	-
Bank balances	**58**	-
Total financial assets	**173**	-
Unbilled amounts for client work	**170**	-
	343	-

Notes continued

11 Financial instruments continued

Impairment losses

The ageing of receivables that were overdue at the reporting date was

	Gross 30 September 2010 £000	**Impairment 30 September 2010 £000**	Gross 31 December 2009 £000	Impairment 31 December 2009 £000
Overdue 1-30 days	**43**	-	-	-
Overdue 31-180 days	-	-	-	-
More than 180 days	-	-	-	-
	43	-	-	-

No impairment losses were recognised in the period or the previous year

c) **Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due The company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the group's reputation

The focus of the group's treasury policy is to ensure that there are sufficient funds to finance the business Surplus funds are normally invested according to the assessment of rates of return available through the money market

The treasury department monitors the company's cash position daily and it is the group's policy to use finance facilities or to invest surplus funds efficiently Limits are maintained on amounts to be deposited with each banking counterpart and these are reviewed regularly in the light of market changes

The company has the following non-derivative financial liabilities measured at amortised cost

	30 September 2010 £000	31 December 2009 £000
Amounts owed to other ELLP group undertakings	**192**	-
Other payables	**71**	-
	263	-

None of the company's financial liabilities are interest bearing Hence, the contractual cash flows in all cases equal the carrying amounts All financial liabilities are repayable within one year

d) **Interest rate risk**

The financial assets and liabilities of the company are non interest bearing, with the exception of any bank balances which when available are variable rate instruments Changes in interest rates would have had negligible impact on the company's results in either period

e) **Exchange rate risk**

As set out above the company generally trades in its functional currency The company had no material receivables, payables or cash balances denominated in currencies other than sterling at either 30 September 2010 or 31 December 2009

Notes continued

11 Financial instruments continued

f) Fair values

The estimated fair values of the company's financial assets and liabilities approximate their carrying values at 30 September 2010 and 31 December 2009, largely owing to their short maturity The bases for determining fair values of current financial assets and liabilities are disclosed in note 1

12 Related parties

Following acquisition on 22 January 2010, the company's immediate controlling party became KPMG LLP, a limited liability partnership registered in England and Wales, having previously been Det Norske Veritas AS, a company incorporated in Norway

The largest group in which the results of the company were consolidated at 30 September 2010 was that of ELLP The accounts of ELLP are available to the public and may be obtained from the principal place of business, The Squaire, Am Flughafen, 60549 Frankfurt am Main, Germany and at www kpmg eu/annualreport No other group accounts include the results of the company

The company has a related party relationship with its fellow ELLP group undertakings The company also has a related party relationship with key management, considered to be the statutory directors of the company

Transactions with ELLP group undertakings

Transactions with ELLP group undertakings during the period were as below There were no transactions with ELLP group entities during the previous year

	Nine months to 30 September 2010 £000	Year ended 31 December 2009 £000
KPMG LLP		
Management charges – use of facilities and other services	**64**	-
KPMG UK Limited		
Services of staff	**57**	-

Such transactions reflect appropriate charges for the costs of shared services

At the period end, balances with group undertakings were as follows

	30 September 2010 £000	31 December 2009 £000
Trade and other payables		
Amounts owed to other ELLP group undertakings	**192**	-

Transactions with key management personnel

Certain of the directors of the company are separately members of KPMG LLP and ELLP and therefore have an interest in the transactions set out above

Key management personnel receive no directors' emoluments for their services to the company, as set out in note 4 There were no balances due to or from key management at either 30 September 2010 or 31 December 2009 There are no other transactions with key management personnel