

DELOITTE SERVICES LIMITED

Annual report and financial statements

For the year ended 31 May 2018



ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Bunting
P A Robinson
D L Ward
Z Choudry

SECRETARY

Stonecutter Limited
Hill House
1 Little New Street
London
EC4A 3TR

REGISTERED OFFICE

Hill House
1 Little New Street
London
EC4A 3TR

BANKERS

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

AUDITOR

BDO LLP
55 Baker Street
London
W1U 7EU

STRATEGIC REPORT

The Directors, in preparing this Strategic Report, have complied with section 414C of the Companies Act 2006.

REVIEW OF THE BUSINESS

On 1 June 2017, Deloitte LLP (the former ultimate holding party) combined with other member firms of Deloitte Touche Tohmatsu Limited ('DTTL') to create the Deloitte North West Europe Group ('Deloitte NWE'). On that date, Deloitte NWE LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000, became the ultimate holding and controlling party of Deloitte Services Limited (the 'Company').

The principal activity of the Company is the provision of audit and risk advisory, tax and financial advisory related services to member firms of DTTL and clients as a principal by engaging Deloitte LLP to provide those services.

As a result of contracts entered into in Canada turnover has significantly increased in the current financial year, with profit for the year before taxation coming in at £906,792 (2017: £2,400).

At 31 May 2018 shareholders' funds were £736,650 (2017: £2,200).

The Company had no employees during the current or preceding financial year.

Overall, the Directors consider the performance of the Company to be satisfactory and expect it to continue to perform satisfactorily.

KEY PERFORMANCE INDICATORS

The Company's key performance indicator is turnover which increased from £89,000 to £3,923,000 as a result of significant engagements in Canada.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's process of risk acceptance and risk management is addressed by the Enterprise Risk Framework ('ERF') of Deloitte NWE LLP. This sets out the Deloitte NWE Executives' assessment of the risks facing Deloitte NWE, and specifically, those that could impact on the ability of Deloitte NWE to meet its strategy and those that could impact upon the reputation of Deloitte NWE.

The credit risk on amounts due from member firms of DTTL is limited because the counter parties have high credit ratings.

The Company manages liquidity risk by ensuring that the maturity of financial liabilities coincides with the expected cash inflows from financial assets.

Risks are discussed in the Deloitte LLP Audit Transparency Report for the year ended 31 May 2018 which does not form part of this report.

STRATEGIC REPORT (continued)

FUTURE DEVELOPMENTS

There are no events since the balance sheet date which would require disclosure in these financial statements.

The Directors expect the level of activity during 2019 to remain consistent with 2018.

Approved by the Board of Directors
and signed on behalf of the Board of Directors



D L Ward
Director

15 April 2019

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 May 2018.

DIRECTORS AND THEIR INTERESTS

The names of the Directors are shown below. All the Directors served throughout the year and to the date of this report, except as noted below:

G Bunting
P A Robinson
D L Ward
Z Choudhry (Appointed 31 May 2018)

No Director had any beneficial interest in the share capital of the Company or any Group company except for the fact that all of the Directors are members of Deloitte NWE LLP, the ultimate controlling party as at 31 May 2018, and therefore, have an indirect beneficial interest in the share capital of the Company at this date.

DIVIDENDS

The Directors have not recommended a final dividend (2017: £nil).

ENVIRONMENT

Deloitte NWE recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by Deloitte NWE's activities. The Company operates in accordance with Deloitte NWE's policies. Initiatives designed to minimise Deloitte NWE's impact on the environment include recycling, waste management, energy procurement, consumption and greening the supply chain.

DIRECTORS' INDEMNITY

Deloitte LLP, a fellow Group undertaking, has made qualifying third party indemnity provisions for the benefit of its directors that remain in force at the date of this report.

DISCLOSURE AS PART OF STRATEGIC REPORT

Information regarding the Company's likely future developments, risk management objectives and policies and events after the balance sheet date, have been disclosed in the Strategic Report on pages 2 to 3.

DIRECTORS' REPORT (continued)

AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The auditors, BDO LLP, have indicated their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

APPROVAL OF REDUCED DISCLOSURES

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in Financial Reporting Standard 102 issued by the Financial Reporting Council, paragraph 1.12.

Approved by the Board of Directors
and signed on behalf of the Board of Directors:



D L Ward
Director

15 April 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DELOITTE SERVICES LIMITED

Opinion

We have audited the financial statements of Deloitte Services Limited (the 'Company') for the year ended 31 May 2018 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DELOITTE SERVICES LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DELOITTE SERVICES LIMITED (continued)

Use of our report

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.

BDO LLP

Andrew Radford (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
15 April 2019

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

PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2018

	Note	2018 £'000	2017 £'000
TURNOVER	3	3,923	89
Operating expenses		(3,016)	(87)
PROFIT BEFORE TAX		907	2
Tax on profit	6	(172)	-
PROFIT FOR THE FINANCIAL YEAR		735	2

Profit for the financial year represents total comprehensive income as there is no other comprehensive income in the current or preceding year.

All amounts are derived from continuing activities.

DELOITTE SERVICES LIMITED

BALANCE SHEET At 31 May 2018

	Note	2018 £'000	2017 £'000
CURRENT ASSETS			
Debtors	8	2,401	63
CREDITORS: amounts falling due within one year	9	(1,664)	(61)
NET CURRENT ASSETS		737	2
NET ASSETS		737	2
CAPITAL AND RESERVES			
Called up share capital ¹	10	-	-
Profit and loss account		737	2
SHAREHOLDERS' FUNDS		737	2

The financial statements of Deloitte Services Limited, registered number 04258664, were approved by the Board of Directors and authorised for issue on 15 April 2019.

Signed on behalf of the Board of Directors



D L Ward
Director

¹ The called up share capital is less than £1,000, hence a £nil balance in the current and prior year. See disclosure note 10 for further details.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 May 2018

	Called up share capital 2018 £'000	Profit and loss account 2018 £'000	Total 2018 £'000	Called up share capital 2017 £'000	Profit and loss account 2017 £'000	Total 2017 £'000
At 1 June	-	2	2	-	2	2
Profit and total comprehensive income for the year	-	735	735	-	2	2
Dividends on equity shares (Note 7)	-	-	-	-	(2)	(2)
At 31 May	-	737	737	-	2	2

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2018

1. ACCOUNTING POLICIES

General information

Deloitte Services Limited (the 'Company') is a private Company limited by shares. The largest and smallest group for which consolidated financial statements are prepared is that headed by Deloitte NWE LLP, the ultimate parent undertaking and controlling party at 31 May 2018, which consolidates the results of the Company. The financial statements of Deloitte NWE LLP are publicly available and can be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The Company is registered in England and Wales in the United Kingdom under the Companies Act, and the address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 3.

Statement of compliance and measurement basis

These financial statements are prepared in compliance with Financial Reporting Standard 102 ('FRS 102') issued by the Financial Reporting Council. The financial statements have been prepared under the accruals concept and in accordance with the historical cost convention unless otherwise stated.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Presentation and functional currency

The Company's financial statements are presented in pounds sterling.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Exemptions for qualifying entities under FRS 102

The Company meets the definition of a qualifying entity under FRS 102 and has, therefore, taken advantage of certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following exemptions:

- a) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated cash flow statement of Deloitte NWE LLP, includes the Company cash flows;
- b) from disclosing the Company key management personnel compensations as required by FRS 102 paragraph 33.7;
- c) from disclosing a reconciliation of the number of shares outstanding at the beginning and end of the period as required by FRS 102 paragraph 4.12(a)(iv); and
- d) from disclosure requirements relating to financial instruments.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2018**1. ACCOUNTING POLICIES (continued)****Turnover**

Turnover represents amounts recoverable from professional services provided during the year. It is measured at the fair value of consideration received or receivable on each client assignment, including recoverable expenses but excluding Value Added Tax.

Turnover is recognised in the period in which services are rendered by reference to the stage of completion of the contract determined by the value of the services provided at the balance sheet date as a proportion of the total value of the engagement. Turnover is only recognised where the Company has a contractual right to receive consideration for work undertaken, the amount can be reliably measured and it is probable that future economic benefits will flow to the Company.

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 exchange rate ruling at that date. All remeasurement differences are recorded in the profit and loss account.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Dividends

Final dividend distributions to the Company's shareholder are recognised as a liability in the financial statements in the period in which the dividends are approved. Interim dividend distributions are recognised in the period in which the dividend is declared.

Cash at bank and in hand

Cash at bank and in hand comprises cash in hand, on demand deposits and other short term highly liquid assets.

Financial instruments***Financial assets***

Financial assets are initially recognised at fair value plus transaction costs. All financial assets are classified as loans and receivables and have fixed or determinable payments that are not quoted in an active market. Financial assets are subsequently measured at amortised cost using the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest cost is recognised by applying the effective interest rate, except for short-term payables when the recognition of interest would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2018

2. CRITICAL ACCOUNTING JUDGEMENTS

The Directors do not consider there to be any critical judgements, estimates and assumptions about the carrying amounts of assets and liabilities made by the Directors in the application of the Company's accounting policies, which are described in note 1.

Revenue recognition

In determining revenue on client engagements the Company makes certain estimates as to the stage of completion of those assignments. The Company estimates the remaining time and external costs to be incurred in completing the assignments and the client's willingness and ability to pay for the services provided. A different assessment of the outturn on an assignment may result in a different value being determined for revenue.

3. TURNOVER

An analysis of revenue by geography is as follows:

	2018 £'000	2017 £'000
Europe	2	2
Canada	3,739	-
Rest of the world	182	87
	<hr/>	<hr/>
	3,923	89
	<hr/>	<hr/>

4. AUDITORS REMUNERATION

Audit fees for the current and preceding financial year have been borne by Deloitte LLP, a fellow Group undertaking, and not recharged.

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors

The Directors were remunerated as members of Deloitte LLP (the former ultimate parent undertaking) in the current and preceding financial year. The Directors did not receive any remuneration, from any source, for their role as Director of the Company during the current or preceding financial year.

Employees

The Company had no employees during the current or preceding financial year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2018

6. TAX ON PROFIT

Current tax on profit for the year is £172,269 (2017: £480). UK Corporation Tax is calculated at 19.00% (2017: 19.83%) of the estimated assessable profit for the year. The applicable tax rate changed to 19.00%, effective 1 April 2017, following the enactment of the Finance (No. 2) Act 2015.

There are no unused tax losses or tax credits.

There is no difference between the total tax charge and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax.

7. DIVIDENDS ON EQUITY SHARES

	2018 £'000	2017 £'000
Interim dividend for the year ended 31 May 2018 of £nil per ordinary share (2017: £960 per ordinary share declared 31 May 2017).	-	2
Amounts recognised as distributions to equity holders in the period	-	2

8. DEBTORS

	2018 £'000	2017 £'000
Amounts due from other member firms of DTTL	1,751	42
Withholding tax	79	21
VAT	571	-
	2,401	63

Amounts due from other member firms of DTTL have no specified interest rate and are payable on demand.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2018

9. CREDITORS

	2018 £'000	2017 £'000
Amounts owed to group undertaking	1,492	61
Corporation tax	172	-
	<hr/>	<hr/>
	1,664	61
	<hr/>	<hr/>

Amounts owed to group undertaking have no specified interest rate and are payable on demand.

10. CALLED UP SHARE CAPITAL AND RESERVES

	2018 £'000	2017 £'000
Allotted, called up and fully paid		
2 ordinary shares of £1 each	-	-
	<hr/>	<hr/>

The Company has one class of ordinary shares which carries no right to fixed income.

The profit and loss account represents the cumulative profit or loss, net of dividends declared.

11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent Company is Deloitte & Touche Holdings Limited. The largest and smallest group for which consolidated financial statements are prepared is that headed by Deloitte NWE LLP, the ultimate parent undertaking and controlling party at 31 May 2018, which consolidates the results of the Company. The financial statements of Deloitte NWE LLP are publicly available and can be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.