Investing for impact

BDO LLP
Annual Report

53 weeks ended 5 July 2024

Members' report and Group and LLP financial statements
Registered number: OC305127

IDEAS | PEOPLE | TRUST

Contents

Registered office 55 Baker Street, London, W1U 7EU

Registered number OC305127

Independent auditors PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, 1 Embankment Place, London, WC2N 6RH.

Foreword

I am pleased to present the members' report together with the audited consolidated financial statements of BDO LLP, for the 53 weeks ended 5 July 2024.

Introduction

Writing the foreword to our financial report is a moment to take stock of events both inside and outside of BDO over the last 12 months.

One of my last tasks as Managing Partner was to review and sign-off on these accounts. As I came to the end of my second and final four-year term and handed the baton on to our newly elected Managing Partner Mark Shaw, I thought I would reflect upon how much has changed in the last eight years since I took over as leader of this business in 2016.

All business leaders know that adapting to change and responding effectively to the market is, in part, what drives success. That said, the breadth and depth of change that has impacted the world in the last eight years is simply breathtaking.

In the UK, we voted for and then enacted our withdrawal from the EU. We saw six different Prime Ministers, eight Chancellors and the loss of a much admired long-serving monarch.

Globally, we all experienced the impact of lockdown as COVID-19 ravaged lives and economies across the planet. Geopolitical instability and the rise of populism has fed greater levels of uncertainty across the world.

Paul Eagland
Managing Partner to 30 September 2024

Foreword (continued)

Introduction (continued)

At the same time, the last eight years have given rise to new global social movements around race and gender. Technological developments, in particular generative AI (which experts believe may impact 300 million jobs worldwide), have progressed at incredible speeds. And the shadow hanging over everything is the existential threat of climate change.

As tough and as challenging as these times have been, and continue to be, I am just as optimistic as I was when I took over as Managing Partner all those years ago.

During the last eight years, I have seen a COVID-19 vaccine developed and distributed in record time. I've witnessed huge outpourings of practical and financial assistance to ordinary people impacted by conflict. And I've noticed a continuing ability of people to work together with tenacity and bravery to achieve common goals in both their professional and personal lives.

We've reacted to this change at BDO by developing a clear strategy and executing it carefully and deliberately. The outputs from that strategy have been exciting to see.

We merged with Moore Stephens LLP in 2019 to establish ourselves as the biggest UK accountancy firm focused on mid-sized and entrepreneurial businesses. We became a leading name in the UK audit market, auditing more listed companies than any other accountancy firm in the country. We have become a major employer across the country expanding our workforce to almost 8,000 people. We listened to our people and reacted to the end of lockdown by bringing in genuine agile working so that our people could work wherever was best suited to the task. And most of all we have established a culture where people are free to 'be themselves' at work. Whatever social background, religion, gender or sexuality, we are proud of our people and how they represent themselves and BDO.

Throughout all the upheaval of the last eight years there have been two constants – our people and the businesses we work with.

Our people

BDO's success – this year and throughout my entire time as Managing Partner – is based, in a large part, on the skills and tenacity of our people.

The theme of this year's suite of annual reports is "investing for impact". We invested an additional £54 million last year: resulting in nearly a quarter of a billion pounds of additional investment over the last three years. This has been focused not only on quality and our digital and physical infrastructure, but also on our people where we have invested substantially to recruit, retain and reward.

Over the last 12 months, we have recruited an additional 220 people to be an accountancy firm of nearly 8,000 people. As part of this we took on an additional 660 new trainees across the UK.

PERSONAS

As part of our ongoing investment in digital and innovation, we have this year launched Personas, our secure generative artificial intelligence (AI) platform, and BDO Labs, now in its third year, continues to develop impressive tools to support our drive for innovation and quality.

I will always be impressed by the ever-evolving digital mindset of the people in this firm. Ultimately, it is our mindset that unlocks the competitive advantages that technologies can bring, not the technology itself.

Above all else, it is the individual stories that our people tell me that make me most proud of BDO; stories about how they contribute to society, how they help their colleagues and support their families, and how they deliver quality work for our clients and audited entities. I would encourage you to read our Culture and Impact Report to find out more.

View the report ▸

Foreword (continued)

Our market heartland

BDO's market heartland remains the UK's mid-sized and entrepreneurially-spirited businesses and the people behind them. These businesses are hugely innovative and ambitious and are likely, at some stage, to access capital markets or work with private equity to continue their growth.

Despite the economic upheaval of the last few years, these mid-sized businesses have not only proven resilient, but they have flourished. Their success has meant our success, and we are grateful to them for their continued willingness to choose us as their adviser.

We call these mid-sized businesses the 'UK economic engine' because of the impact they have throughout the national economy. Despite making up less than 1% of UK businesses, they account for one in three private sector jobs and have revenues equivalent to more than half of the value of UK GDP. It is a privilege to be working with them.

Our business performance

These two factors – the quality of our people and the growth of our market heartland - means we have posted another strong set of financial results.

Naturally, this year's revenues exceeding the £1 billion mark for the first time (up 8.6% on prior year) will be seen as a major milestone for the firm. What has pleased me though is how growth has been evenly spread across all three of our service lines of Audit, Tax and Advisory showing that we are not dependent on just one area for success.

Our Audit business grew revenues by 8.4% to £433.2m. As ever, our position as the leading auditor of AIM, increasing demand from the main market as well as our sector expertise has continued to serve us well.

Improving quality and serving the public interest continue to be our focus in Audit. We are investing heavily in this area to ensure we meet the standards that we, and our regulators, expect.

Audits of public interest entities (and certain other entities) - representing approximately 14% of total revenues of our Audit portfolio and 6% of our total firm's revenues - are subject to regulatory scrutiny by the Financial Reporting Council (FRC). As part of the FRC's annual Audit Quality Review, a total 13 of BDO's audits were reviewed during the 2023/24 inspection cycle, which assessed year ends ranging from July 2022 to March 2023.

We were deeply disappointed with our grades this year, particularly when we had recorded an improvement last year. While we remain confident in the expertise and commitment of our people, it is evident that further work is necessary for us to be able to secure grades in line with the FRC's requirements as well as satisfy our own internal expectations of quality.

Comprehensive actions, investments and plans, shared with our regulators, have been and are being implemented to address each of the areas identified. These, alongside our strategy of 'controlled responsible growth' are detailed at length in our Transparency Report which is available to read on our website.

Our Advisory business posted revenues of £341.5m up 10.2% on last year. Forensics, Business Restructuring and Business Services & Outsourcing had particularly strong years. Our strong sector credentials also helped fuel growth across this part of the business.

Foreword (continued)

Our business performance (continued)

Finally, tax also had a strong year increasing revenue by 7.0% to £240.5m as our tax compliance, private client and tax risk advisory services continued to be in high demand.

This revenue growth meant BDO's operating profits increased by 14.7% to £227.0m. Average profit per equity partner (PEP) grew 12% to £681,000 following last year's fall in PEP.

The future

And as I look to the longer term, it is clear that the future of BDO looks bright. The underlying strength of our firm and the talent of almost 8,000 people have put us in a great position.

I have no doubt that Mark Shaw will be a brilliant Managing Partner for BDO. He respects our heritage and the culture of the firm, while understanding that it needs to evolve and challenge itself as it faces a market that is constantly changing. He is a man of deep integrity and intelligence and the whole firm stands behind him.

BDO has a history of more than 100 successful years, but I still believe its best days lie ahead. It has been an immense privilege to have played my part and serve this firm as Managing Partner for the last eight years.

An introduction from Mark Shaw, BDO's new Managing Partner

To have been elected as Managing Partner is a privilege. BDO is an incredible firm, occupying a very specific market position. We have much to be proud of from our 100-year journey to today as a £1 billion UK firm. This is a time to build on our heritage, whilst looking to our future.

I look forward to working with our talented partners and colleagues to achieve balanced growth over the coming years; growth which puts serving the public interest, doing the right thing, culture and wellbeing at its heart.

Members' report

For the 53 weeks ended 5 July 2024

Registered office

BDO LLP is registered in the UK as a limited liability partnership under the Limited Liability Partnerships Act 2000 and is referred to in these financial statements as "the LLP". The LLP's registered office is 55 Baker Street, London, W1U 7EU.

Principal activities, significant changes and future developments

The principal activity of BDO LLP (the 'LLP' or 'BDO') is the provision of professional services to clients and audited entities. The consolidated financial statements comprise the financial statements of the LLP together with its subsidiary undertakings (the 'Group'). The subsidiary undertakings of the LLP are set out in note 12 to the financial statements.

The LLP is the UK representative firm of BDO International, a worldwide network of accountancy firms, serving national and international clients and audited entities. Each BDO Member Firm is an independent legal entity in its own country.

BDO International's UK territory includes Northern Ireland. A separate firm operates in Northern Ireland under the name 'BDO'. This firm is not part of the Group and accordingly the results of the Northern Ireland firm are not included within the LLP's consolidated financial statements.

Results

The Group's consolidated income statement for the 53 weeks ended 5 July 2024 is set out on page 13. The comparative period is for the 52 weeks ended 30 June 2023.

Designated members

The following individuals were designated members (as defined in the Limited Liability Partnership Act 2000) throughout the year:

Paul Eagland, Scott Knight, Gervase MacGregor, Christopher Grove, A White, Simon Gallagher, Andrew Butterworth, Stuart Collins, Anna Draper and Kaley Crossthwaite.

Members' profit shares

Members are remunerated out of the profits of the LLP and are personally responsible for funding their retirement. The Leadership Team sets members' profit shares.

Members' profit shares comprise interest on members' balances, a monetary first tranche and a second tranche based upon the number of points held by a member, the value of which is dependent upon the level of profit achieved and a variable third tranche that may be awarded for exceptional performance or severance payments.

All profit for the financial year (after making equitable adjustments) is divided automatically. There is transparency amongst the members of the total profit share divided between each individual. The taxation payable on the LLP's profits is a personal liability of the members during the period.

Retention of profits earned up to the statement of financial position date is made to fund payment of taxation on members' behalf. This is reflected in amounts due to members. The retention for taxation, which is included within members' interests, in the LLP also takes into account taxation recoverable or payable by the members but not yet due for payment because of timing differences between the treatment of certain items for taxation and that for accounting purposes. Such provision is made to the extent that it is considered material in the context of the need to maintain an equitable treatment between members from year to year.

Members' report

For the 53 weeks ended 5 July 2024 (continued)

Members' capital and loan capital

Contributions to members' capital (liabilities) are made by members in such sums as are recommended by the Leadership Team and approved by the Partnership Council. Repayment after retirement is in accordance with the members' agreement.

Contributions to members' loan capital (amounts due to members (liabilities)) are made by members in such sums as are recommended by the Leadership Team and approved by the Partnership Council. Members' loan capital is repayable immediately on retirement.

Amounts due to former members

Former member balances are disclosed in the financial statements within loans and borrowings.

Drawings

The policy for members' drawings is to distribute the appropriate amount of profit during the financial year, taking into account the need to retain sufficient funds to settle members' income tax liabilities and to finance the working capital and other investment needs of the business. The Leadership Team sets the level of members' monthly drawings and reviews this at least annually. Undistributed amounts due to members are usually paid quarterly in the following year for continuing members.

Tax strategy

BDO complies with its duty under paragraph 16(2) and 25(1) of schedule 19 Finance Act 2016 through the publication of this tax strategy within its annual report. This strategy applies to BDO LLP and its UK group subsidiary companies.

References to 'BDO', 'the firm', 'our' and 'we' are to all these group entities.

Approval of strategy

This tax strategy has been approved by our Leadership Team, as part of the approval of BDO LLP's annual accounts and is in line with our overall strategy and operations.

Management of UK tax risks

The Leadership Team is responsible for our tax strategy. They have established a Tax Strategy Board, which consists of three senior tax individuals and three senior finance individuals, who are responsible for its implementation. Our Chief Operating Officer chairs the Tax Strategy Board, reporting directly to the Leadership Team, and is responsible for preparing our tax strategy.

Managing tax risk

Identified tax risks are assessed and managed through our day-to-day tax operational framework and escalated to our Leadership Team as appropriate. The Leadership Team seek to reduce or eliminate any such identified tax risks wherever this is possible and are committed to ensuring we are fully compliant with all our statutory obligations. We aim to file our tax returns on or before their due dates and pay all our tax liabilities on time.

Members' report

For the 53 weeks ended 5 July 2024 (continued)

Tax strategy (continued)

Tax planning

We will always undertake tax planning/structuring based on sound commercial principles in accordance with the requirements of relevant tax legislation.

This includes utilising tax reliefs and incentives as intended by Parliament.

Working with HMRC

We seek to maintain an open, honest and positive relationship with HMRC, and we will always operate on the basis of full disclosure. We have regular correspondence with our HMRC Customer Compliance Manager.

Other relevant information relating to tax

We are the UK member of BDO International and therefore we conduct our business predominantly in the UK. However, some transactions and operations require the consideration of non-UK tax matters, and we apply the same strategy adopted for UK tax matters, as set out above, to non-UK tax matters.

Going concern

The Group has continued to demonstrate robust performance over the period despite a challenging macroeconomic climate. The Leadership Team have carefully reviewed current results and prepared detailed trading and cash flow forecasts through to June 2026 as well as considering available banking facilities, other sources of finance and multiple scenarios. The initial period used in the evaluation of the going concern assessment considers the current economic climate. These scenarios included:

- A base case which is based upon the Group budget for the 2025 financial period. In this scenario, BDO is able to continue to trade in a similar fashion to that reported for the 2024 financial period
- A downside case which sees a 10% reduction against budget in demand for services offered by the Group which continues until June 2026
- A severe downside case which incorporates a 20% reduction against budget in revenue representing a difficult trading environment also continuing until June 2026.

Liquidity is maintained under all three modelled scenarios through the period to June 2026. The Group's revolving credit facilities of £100m are committed until October 2026.

The Leadership Team is confident the Group will maintain adequate levels of liquidity from its committed facilities and comply with all its banking covenants throughout the forecast period. Therefore, the going concern basis has been adopted in preparing the financial statements.

Statement of disclosure of information to auditors

So far as the designated members are aware, there is no relevant audit information of which the LLP's auditors are unaware and the designated members have taken all the steps that they ought to have taken as designated members in order to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the Financial Report and the financial statements in accordance with applicable law and regulations. Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial period.

Members' report

For the 53 weeks ended 5 July 2024 (continued)

Statement of members' responsibilities in respect of the financial statements (continued)

Under that law the members have prepared the Group financial statements in accordance with UK adopted international accounting standards.

Under company law, as applied to limited liability partnerships, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and limited liability partnership and of the profit or loss of the Group and limited liability partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently
- state whether applicable UK adopted international accounting standards have been followed for the Group and the limited liability partnership financial statements, subject to any material departures disclosed and explained in the financial statements
- make judgements and accounting estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and limited liability partnership will continue in business.

The members are also responsible for safeguarding the assets of the Group and limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Group and limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations.

The members are responsible for the maintenance and integrity of the limited liability partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

A list of members of the LLP can be found on the Companies House website using the following link:

https://find-and-update.company-information.service.gov.uk/company/OC305127/officers

On behalf of the Leadership Team

PAUL EAGLAND
Managing Partner
27 September 2024

Independent auditors' report

To the members of BDO LLP

Report on the audit of the financial statements

Opinion

In our opinion, BDO LLP's group financial statements and LLP financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the LLP's affairs as at 5 July 2024 and of the group's profit and the group's and LLP's cash flows for the 53 week period then ended
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006
- 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 Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the consolidated and LLP statements of financial position as at 5 July 2024; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and LLP statements of cash flows, and the consolidated and LLP statements of changes in equity and members' interests for the period then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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's and the LLP'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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the LLP's ability to continue as a going concern.

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

Independent auditors' report

To the members of BDO LLP (continued)

Report on the audit of the financial statements (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they 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 LLP'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 LLP or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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.

Independent auditors' report

To the members of BDO LLP (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statement (continued)

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulations governing auditors and accountants enforced by the FRC, ICAEW and PCAOB, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as 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 and the reporting framework (UK-adopted International Accounting Standards).

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to earnings so as to manipulate results, and management bias in accounting estimates, particularly related to the assessment of the billable value of unbilled revenue on client assignments and expected credit loss against trade receivables. Audit procedures performed by the engagement team included:

- for a sample of unbilled revenue on client assignment balances, testing to post year-end billing, and holding discussions with engagement partners, to confirm the reasonableness of assumptions
- holding discussions with management regarding the valuation of the group's receivables and testing of IFRS 9 model through to relevant supporting documentation
- performing analytical procedures over the make-up of both unbilled revenue and accounts receivable, and performing additional enquiries around trends that appear unexpected
- testing a sample of journals that meet our risk of fraud criteria
- With regards to professional indemnity claims, holding discussions with senior management and in house legal counsel to update our understanding of the nature of these, and testing movements in the provision through to relevant supporting documentation
- reviewing board minutes and the whistleblowing register to ensure that the matters discussed are consistent with our understanding and other audit evidence obtained
- Understanding and evaluating the Group control environment specifically as it relates to preventing and detecting irregularities and fraud
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- Enquiring of management, those charged with governance and legal counsel around actual and potential fraud and non-compliance with laws and regulations
- Reviewing internal audit reports.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditors' report

To the members of BDO LLP (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the members of the partnership as a body in accordance with 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 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

JMEllis

JOHN ELLIS
Senior Statutory Auditor

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 September 2024

Consolidated income statement

For the 53 weeks ended 5 July 2024

	Note	53 weeks ended 5 July 2024 (£m)	52 weeks ended 30 June 2023 (£m)
Revenue	4	**1,015.2**	934.5
Expenses and disbursements on client assignments		**(25.4)**	(37.5)
Net revenue		**989.8**	897.0
Operating expenses	6	**(775.6)**	(710.4)
Other operating income	6	**12.8**	11.3
Operating profit	6	**227.0**	197.9
Net finance expense	7	**(0.6)**	(2.9)
Profit before tax		**226.4**	195.0
Tax expense	8	**(9.0)**	(5.9)
Profit for the financial period before members' remuneration charged as an expense		**217.4**	189.1
Allocation of profit			
Members' remuneration charged as an expense		**(216.7)**	(187.7)
Profit for the financial period after members' remuneration charged as an expense		**0.7**	1.4
Profit/(loss) for the period attributable to:			
Members of the LLP before members' remuneration charged as an expense		**217.5**	189.2
Members remuneration charged as an expense		**(216.7)**	(187.7)
		0.8	1.5
Non-controlling interest		**(0.1)**	(0.1)
		0.7	1.4

Consolidated statement of comprehensive income

For the 53 weeks ended 5 July 2024

	Note	53 weeks ended 5 July 2024 (£m)	52 weeks ended 30 June 2023 (£m)
Profit for the period after members' remuneration charged as an expense		**0.7**	1.4
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Pension scheme net actuarial loss	18	**(0.7)**	(1.4)
Other comprehensive loss for the period		**(0.7)**	(1.4)
Total comprehensive income		**-**	-
Total comprehensive income/(loss) atttributable to:			
Members of the LLP		**0.1**	0.1
Non-controlling interest		**(0.1)**	(0.1)
		-	-

Consolidated statement of financial position

As at 5 July 2024

Registered number:OC305127	Note	5 July 2024 (£m)	30 June 2023 (£m)
Assets			
Non-current assets			
Intangible assets	9	**14.6**	19.0
Property, plant and equipment	10	**21.5**	25.3
Right-of-use assets	11	**70.1**	79.0
Other investments		**0.3**	-
Other receivables	13	**0.6**	0.5
		107.1	123.8
Current assets			
Trade and other receivables	13	**191.3**	186.1
Contract assets	13	**100.8**	88.1
Cash and cash equivalents		**72.7**	39.1
		364.8	313.3
Total assets		**471.9**	437.1
Liabilities			
Current liabilities			
Trade and other payables	14	**112.1**	97.3
Contract liabilities	14	**21.4**	20.9
Lease liabilities	11	**18.7**	18.7
Loans and borrowings	14	**10.1**	13.5
Provisions	15	**14.9**	5.3
		177.2	155.7

	Note	5 July 2024 (£m)	30 June 2023 (£m)
Non-current liabilities			
Loans and borrowings	14	**1.2**	1.9
Members' capital	14	**1.7**	1.6
Amounts due to members	14	**254.5**	225.7
Provisions	15	**11.5**	14.3
Employee benefits - pension liability	18	**0.1**	0.6
Lease liabilities	11	**53.5**	64.8
Deferred tax liabilities	8	**1.9**	2.1
		324.4	311.0
Total liabilities		**501.6**	466.7
Net liabilities		**(29.7)**	(29.6)
Equity			
Members' other reserves		**(29.3)**	(29.3)
Non-controlling interest		**(0.4)**	(0.3)
Total equity		**(29.7)**	(29.6)
Members' interests			
Members' capital	14	**1.7**	1.6
Amounts due to members	14	**254.5**	225.7
Members' other reserves		**(29.3)**	(29.3)
Total members' interests		**226.9**	198.0

The financial statements on pages 13 to 51 were authorised for issue on 27 September 2024 and signed on behalf of the members of BDO LLP by:

PAUL EAGLAND
MANAGING PARTNER

STUART COLLINS
FINANCE PARTNER

Consolidated statement of changes in equity and members' interests

For the 53 weeks ended 5 July 2024

	Other reserves (equity) (£m)	Members capital (liabilities) (£m)	Amounts due to members (liabilities) (£m)	Total members interests (£m)	Non-controlling interest (equity) (£m)
At 1 July 2022	11.0	1.4	206.1	**218.5**	(0.2)
Comprehensive income/(loss) for the period:					
Members' remuneration charged as an expense	-	-	187.7	**187.7**	-
Profit/(loss) for the period	1.5	-	-	**1.5**	(0.1)
Other comprehensive loss for the period:					
Pension scheme net actuarial loss	(1.4)	-	-	**(1.4)**	-
Total comprehensive income/(loss) for the period	0.1	-	187.7	**187.8**	(0.1)
Contributions by and distributions to members:					
Allocated profit	(40.4)	-	40.4	**-**	-
Introduced by members	-	0.3	11.0	**11.3**	-
Repaid to members	-	(0.1)	(3.3)	**(3.4)**	-
Amounts reclassified as amounts due to former members within payables	-	-	(16.4)	**(16.4)**	-
Drawings and distributions	-	-	(199.8)	**(199.8)**	-
At 30 June 2023	(29.3)	1.6	225.7	**198.0**	(0.3)

	Other reserves (equity) (£m)	Members capital (liabilities) (£m)	Amounts due to members (liabilities) (£m)	Total members interests (£m)	Non-controlling interest (equity) (£m)
At 30 June 2023	(29.3)	1.6	225.7	**198.0**	(0.3)
Comprehensive income/(loss) for the period:					
Members' remuneration charged as an expense	-	-	216.7	**216.7**	-
Profit/(loss) for the period	0.8	-	-	**0.8**	(0.1)
Other comprehensive loss for the period:					
Pension scheme net actuarial loss	(0.7)	-	-	**(0.7)**	-
Total comprehensive income/(loss) for the period	0.1	-	216.7	**216.8**	(0.1)
Contributions by and distributions to members:					
Allocated profit	(0.1)	-	0.1	**-**	-
Introduced by members	-	0.2	9.1	**9.3**	-
Repaid to members	-	(0.1)	(4.9)	**(5.0)**	-
Amounts reclassified as amounts due to former members within payables	-	-	(8.8)	**(8.8)**	-
Drawings and distributions	-	-	(183.4)	**(183.4)**	-
At 5 July 2024	(29.3)	1.7	254.5	**226.9**	(0.4)

On 30 June 2022, a new members agreement became effective, impacting how the profits of the LLP are divided. From this date, all profit for the financial period (after making equitable adjustments) is divided automatically.

Allocated profit in FY23 is the post FY22 balance sheet discretionary division of profit (after making equitable adjustments) of FY22 profits under the previous LLP agreement.

The Leadership Team retains control over the timing of payments to members and may defer the settlement of these amounts beyond twelve months after the reporting period.

Consolidated statement of cash flows

For the 53 weeks ended 5 July 2024

	Note	53 weeks ended 5 July 2024 (£m)	52 weeks ended 30 June 2023 (£m)
Cash flows from operating activities			
Profit for the period after members' remuneration charged as an expense		**0.7**	1.4
Members' remuneration charged as an expense		**216.7**	187.7
Amortisation of intangibles	9	**4.4**	4.4
Depreciation of property, plant and equipment	10	**8.8**	8.5
Depreciation of right-of-use assets	11	**18.1**	18.1
Loss on disposal of property, plant and equipment		**0.6**	-
Sub-letting of land and buildings		**(2.6)**	(3.1)
Contributions to defined benefit pension schemes	18	**(1.2)**	(1.0)
Finance expense	7	**2.0**	3.2
Finance income	7	**(1.4)**	(0.3)
Tax expense	8	**9.0**	5.9
Increase in trade and other receivables		**(21.2)**	(16.0)
Increase in trade and other payables		**11.1**	11.5
Increase/(decrease) in provisions		**6.6**	(1.7)
Cash generated from operations		**251.6**	218.6
UK corporation tax paid		**(1.8)**	(7.6)
Net cash flow generated from operating activities		**249.8**	211.0

	Note	53 weeks ended 5 July 2024 (£m)	52 weeks ended 30 June 2023 (£m)
Investing activities			
Purchase of property, plant and equipment	10	**(5.6)**	(9.8)
Initial direct costs attributable to right-of-use assets		**(0.7)**	-
Purchase of other investments		**(0.3)**	-
Sub-letting of land and buildings		**2.6**	3.1
Interest received		**1.4**	0.3
Net cash used in investing activities		**(2.6)**	(6.4)
Financing activities			
Drawings and distributions to members		**(183.4)**	(199.8)
Introduced by members		**9.3**	11.3
Repaid to members		**(5.0)**	(3.4)
Amounts repaid to former members		**(13.3)**	(14.2)
Proceeds from borrowings	14	**0.4**	-
Interest paid		**(1.9)**	(3.7)
Lease liabilities paid		**(19.7)**	(19.2)
Net cash used in financing activities		**(213.6)**	(229.0)
Net movement in cash and cash equivalents		**33.6**	(24.4)
Cash and cash equivalents at beginning of period		**39.1**	63.5
Cash and cash equivalents at end of period		**72.7**	39.1

LLP statement of financial position

As at 5 July 2024

Registered number: OC305127		5 July 2024 (£m)	30 June 2023 (£m)
Assets			
Non-current assets			
Intangible assets	9	**7.4**	7.9
Property, plant and equipment	10	**4.8**	5.6
Right-of-use assets	11	**46.6**	57.5
Investments in subsidiary undertakings	12	**2.7**	3.3
Other receivables	13	**0.4**	0.5
		61.9	74.8
Current assets			
Trade and other receivables	13	**181.7**	187.6
Contract assets	13	**100.4**	87.9
Cash and cash equivalents		**43.0**	34.4
		325.1	309.9
Total assets		**387.0**	384.7
Liabilities			
Current liabilities			
Trade and other payables	14	**106.8**	101.0
Contract liabilities	14	**21.4**	20.9
Lease liabilities	11	**14.5**	14.2
Loans and borrowings	14	**10.1**	13.5
Provisions	15	**14.1**	7.9
		166.9	157.5

	Note	5 July 2024 (£m)	30 June 2023 (£m)
Non-current liabilities			
Loans and borrowings	14	**0.8**	1.9
Members' capital	14	**1.7**	1.6
Amounts due to members	14	**254.5**	225.7
Provisions	15	**4.1**	5.7
Employee benefits - pension liability	18	**0.1**	0.6
Lease liabilities	11	**33.2**	46.0
		294.4	281.5
Total liabilities		**461.3**	439.0
Net liabilities		**(74.3)**	(54.3)
Equity			
Members' other reserves		**(74.3)**	(54.3)
Represented by:			
Members' capital	14	**1.7**	1.6
Amounts due to members	14	**254.5**	225.7
Members' other reserves		**(74.3)**	(54.3)
Total members' interests		**181.9**	173.0

As permitted by section 408 of the Companies Act 2006, as applied to LLPs, no separate income statement is presented for the LLP. The LLP's profit for the period was £196.1m (2023: £171.4m). The LLP's loss for the period after members' remuneration charged as an expense was £19.2m (2023: loss of £14.8m).

The financial statements of pages 13 to 51 were approved and authorised for issue on 27 September 2024 and signed on behalf of the members of BDO LLP by:

PAUL EAGLAND
MANAGING PARTNER

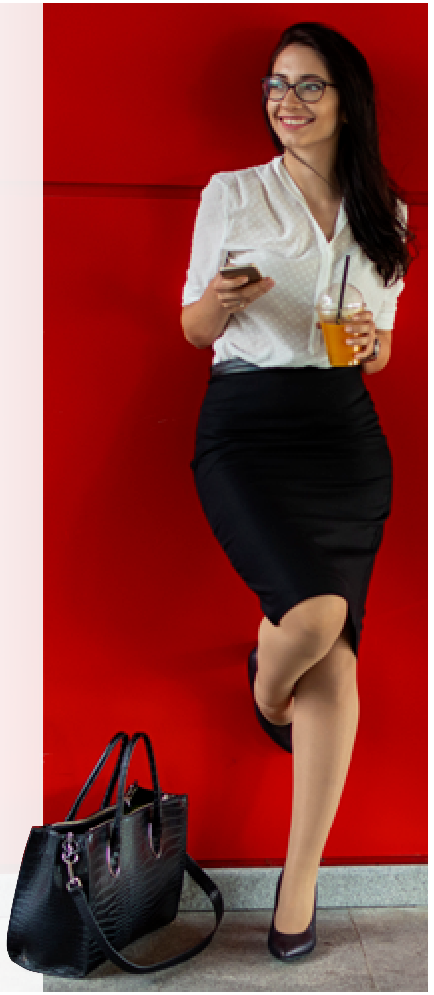
STUART COLLINS
FINANCE PARTNER

LLP statement of changes in equity and members' interests

For the 53 weeks ended 5 July 2024

	Other reserves (equity) (£m)	Members capital (liabilities) (£m)	Amounts due to members (liabilities) (£m)	Total members interests (£m)
At 1 July 2022	2.3	1.4	206.1	**209.8**
Comprehensive income/(loss) for the period:				
Members' remuneration charged as an expense	-	-	186.2	**186.2**
Loss for the period	(14.8)	-	-	**(14.8)**
Other comprehensive loss for the period:				
Pension scheme net actuarial loss	(1.4)	-	-	**(1.4)**
Total comprehensive income/(loss) for the period	(16.2)	-	186.2	**170.0**
Contributions by and distributions to members:				
Allocated profit	(40.4)	-	40.4	**-**
Introduced by members	-	0.3	11.0	**11.3**
Repaid to members	-	(0.1)	(3.3)	**(3.4)**
Amounts reclassified as amounts due to former members within payables	-	-	(16.4)	**(16.4)**
Drawings and distributions	-	-	(198.3)	**(198.3)**
At 30 June 2023	(54.3)	1.6	225.7	**173.0**

	Other reserves (equity) (£m)	Members capital (liabilities) (£m)	Amounts due to members (liabilities) (£m)	Total members interests (£m)
At 30 June 2023	(54.3)	1.6	225.7	**173.0**
Comprehensive income/(loss) for the period:				
Members' remuneration charged as an expense	-	-	215.3	**215.3**
Loss for the period	(19.2)	-	-	**(19.2)**
Other comprehensive loss for the period:				
Pension scheme net actuarial loss	(0.7)	-	-	**(0.7)**
Total comprehensive (loss)/income for the period	(19.9)	-	215.3	**195.4**
Contributions by and distributions to members:				
Allocated profit	(0.1)	-	0.1	**-**
Introduced by members	-	0.2	9.1	**9.3**
Repaid to members	-	(0.1)	(4.9)	**(5.0)**
Amounts reclassified as amounts due to former members within payables	-	-	(8.8)	**(8.8)**
Drawings and distributions	-	-	(182.0)	**(182.0)**
At 5 July 2024	(74.3)	1.7	254.5	**181.9**



LLP statement of cash flows

For the 53 weeks ended 5 July 2024

	Note	53 weeks ended 5 July 2024 (£m)	52 weeks ended 30 June 2023 (£m)
Cash flows from operating activities			
Loss for the period after members' remuneration charged as an expense		**(19.2)**	(14.8)
Members' remuneration charged as an expense		**215.3**	186.2
Amortisation of intangibles	9	**0.5**	0.5
Impairment of investments		**0.6**	-
Depreciation of property, plant and equipment	10	**1.2**	0.5
Depreciation of right-of-use assets	11	**14.1**	14.3
Sub-letting of land and buildings		**(2.6)**	(3.1)
Contributions to defined benefit pension schemes	18	**(1.2)**	(1.0)
Finance expense		**1.3**	2.5
Finance income		**(2.2)**	(0.3)
Dividend received		**(0.8)**	(4.8)
Increase in trade and other receivables		**(13.4)**	(1.3)
Increase in trade and other payables		**6.3**	43.0
Increase/(decrease) in provisions		**4.7**	(1.0)
Net cash flow generated from operating activities		**204.6**	220.7

	Note	53 weeks ended 5 July 2024 (£m)	52 weeks ended 30 June 2023 (£m)
Investing activities			
Purchase of property, plant and equipment	10	**(0.4)**	(2.1)
Dividends received		**0.8**	4.8
Loans issued to group undertakings		**-**	(16.5)
Loan repayments from group undertakings		**6.9**	-
Sub-letting of land and buildings		**2.6**	3.1
Interest received		**2.2**	0.3
Net cash generated from/(used in) investing activities		**12.1**	(10.4)
Financing activities			
Drawings and distributions to members		**(182.0)**	(198.3)
Introduced by members		**9.3**	11.3
Repaid to members		**(5.0)**	(3.4)
Amounts repaid to former members		**(13.3)**	(14.2)
Loan repayments	14	**-**	(2.2)
Interest paid		**(1.4)**	(2.8)
Lease liabilities paid		**(15.7)**	(15.0)
Net cash used in financing activities		**(208.1)**	(224.6)
Net movement in cash and cash equivalents		**8.6**	(14.3)
Cash and cash equivalents at beginning of period		**34.4**	48.7
Cash and cash equivalents at end of period		**43.0**	34.4

Notes to the financial statements

For the 53 weeks ended 5 July 2024

1. Accounting policies

BDO LLP is a UK limited liability partnership registered in England and Wales under number OC305127. The registered office is 55 Baker Street, London, W1U 7EU. This section refers to new accounting standards, amendments and interpretations and their expected impact, if any, on the performance of the Group and the LLP.

This section contains the Group and LLP's material accounting policies that relate to the financial statements as a whole. Material accounting policies specific to an accounting area are included within the note dealing with that accounting area. Accounting policies relating to non-material items are not included in these financial statements.

Basis of preparation

The standalone and consolidated financial statements of the LLP and Group respectively have been prepared in accordance with UK adopted international accounting standards. Their preparation requires the use of certain critical accounting estimates and for management to exercise judgement in applying the chosen accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3. The results and financial position of each subsidiary undertaking are expressed in pound sterling, which is the functional currency of the LLP and the presentation currency for the financial statements.

Accounting convention

The Group has continued to demonstrate robust performance over the period. The Leadership Team have carefully reviewed current results and prepared detailed trading and cash flow forecasts through to June 2026 as well as considering available banking facilities, other sources of finance and multiple scenarios. The initial period used in the evaluation of the going concern assessment considers the current economic climate.

These scenarios included:

- A base case which is based upon the Group budget for the 2025 financial period. In this scenario, BDO is able to continue to trade in a similar fashion to that reported for the 2024 financial period
- A downside case which sees a 10% reduction against budget in demand for services offered by the Group which continues until June 2026
- A severe downside case which incorporates a 20% reduction against budget in revenue representing a difficult trading environment also continuing until June 2026.

Liquidity is maintained under all three modelled scenarios through the period to June 2026. The Group's revolving credit facilities of £100m are committed until October 2026.

The Leadership Team is confident the Group will maintain adequate levels of liquidity from its committed facilities and comply with all its banking covenants throughout the forecast period. Therefore, the going concern basis has been adopted in preparing the financial statements.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

1. Accounting policies (continued)

Basis of consolidation

The financial statements consolidate the results and financial position of the LLP and all its subsidiary undertakings. Intra-group transactions, balances and profits or losses on intra-group transactions have been eliminated. Subsidiary undertakings are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Control exists where the Group has exposure to variable returns from subsidiary undertakings and has the ability to use its power to influence and affect the variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in these elements of control. Uniform accounting policies have been applied across the Group.

Foreign currencies

Transactions in foreign currencies are recorded in sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling using the rate of exchange ruling at the date of the statement of financial position and the gains and losses on translation are included in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short term deposits which have an original maturity of three months or less.

New standards, interpretations and amendments

A number of amendments to standards have been adopted during the year but none had a material effect.

New standards and amendments to existing standards not yet effective are:

Standard	Effective for periods beginning on or after	Endorsed for use in the UK
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024	No
IFRS S2 Climate-related Disclosures	1 January 2024	No
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027	No
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027	No
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024	Yes
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	1 January 2024	Yes
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	1 January 2024	Yes
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025	No

The above amendments are not expected to materially impact future periods.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

2. Revenue

Revenue is recognised when services are transferred to the client or audited entity at an amount that reflects the consideration to which the firm expects to be entitled in exchange for those services. Revenues are recognised through applying the IFRS 15 input method where contracts give the firm the right to receive payment for work performed to date.

Performance obligations are assessed for each contract and the transaction price is spread over the performance obligation. Progress towards complete satisfaction of the performance obligations is measured using time and costs incurred as a proportion of total estimated time and costs but excluding Value Added Tax.

Contingent revenue is constrained in estimating contract revenue, in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the associated uncertainty with the variable consideration is subsequently resolved. Unbilled revenue on individual client and audited entity assignments is included as contract assets within trade and other receivables. Where individual on-account billings exceed revenue on client and audited entity assignments, the excess is classified as contract liability within trade and other payables. Performance obligations are generally satisfied within a year of such billing.

3. Critical judgements and key sources of estimation uncertainty

The Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgements. Where appropriate, present values are calculated using discount rates reflecting the currency and maturity of the items being valued.

The critical accounting estimates that could have significant effect upon the Group's financial results relate to:

- Valuation of contract assets (see note 13) - estimating the billable value of the contract asset including remaining costs to be incurred, and contingent revenue. In an unlikely scenario, a 10% movement in contract assets will result in change in £10.0m in revenue and contract assets
- Net deficit or surplus disclosed for each defined benefit pension scheme and annuity provisions - these are sensitive to movements in the related actuarial assumptions, in particular the discount rate, inflation, and mortality. See note 18 for more detail.

There are no critical judgements to note.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

4. Analysis of revenue, operating profit, and total members' interests by business stream

All revenue arose from continuing operations in the UK except for an immaterial amount of revenue generated by the Group's international subsidiaries.

Total members interests attributable to the business streams include property related assets and liabilities, net client and audited entity receivables, accrued income and specific staff liabilities. All other assets and liabilities including balances with partners, cash and debt, other provisions and retirement benefit balances are not directly attributable to the streams. Unallocated items affecting operating profit represent central costs that are not directly attributable to the streams.

	53 weeks ended 5 July 2024 (£m)	52 weeks ended 30 June 2023 (£m)
Revenue		
Audit	**433.2**	399.8
Advisory	**341.5**	310.0
Tax	**240.5**	224.7
	1,015.2	934.5
Operating profit		
Audit	**88.2**	79.4
Advisory	**62.0**	53.5
Tax	**79.4**	68.9
Unallocated	**(2.6)**	(3.9)
	227.0	197.9
Total members interests		
Audit	**77.6**	65.0
Advisory	**74.7**	61.2
Tax	**65.9**	57.5
Unallocated	**8.7**	14.3
	226.9	198.0

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

5. Employees and members

Accounting policy

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans. See note 18 for further details.

	53 weeks ended 5 July 2024 (£m)	52 weeks ended 30 June 2023 (£m)
Staff costs (excluding members) consist of:		
Wages and salaries	**427.4**	389.1
Settlement costs	**1.5**	0.9
Social security costs	**47.2**	43.6
Other pension costs	**45.9**	39.4
	522.0	473.0

Headcount average (excluding members)	Number	Number
Audit	**3,161**	2,832
Advisory	**2,595**	2,519
Tax	**963**	948
Central support	**694**	754
	7,413	7,053

The average number of members was 332 (2023: 319). The key management of the LLP are those that serve on the Leadership Team. The full-time equivalent number of members serving on the Leadership Team during the period to 5 July 2024 was 8 (2023: 8). The estimated profit attributable to the members of the Leadership Team amounts to £17.3m (2023: £14.3m).

During the period, members received remuneration of £216.7m (2023: £187.7m) in respect of their services to the Group, which has been charged to the income statement as members' remuneration charged as an expense. As a result of a revised members agreement from FY23, profits earned by the partnership are automatically divided between the members, resulting in these being recognised as members' remuneration charged as an expense.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

6. Group operating profit

Group operating profit is stated after charging:

	Note	53 weeks ended 5 July 2024 (£m)	52 weeks ended 30 June 2023 (£m)
Depreciation of property, plant and equipment - owned	10	**8.8**	8.5
Loss on disposal of property, plant and equipment		**0.6**	-
Amortisation of intangibles	9	**4.4**	4.4
Depreciation of right-of-use assets	11	**18.1**	18.1
Employee costs	5	**522.0**	473.0
Information technology*		**35.4**	34.0
Recruitment costs		**13.1**	16.8
Services provided by and fees payable to the Group's auditor:			
Audit of the LLP and consolidated financial statements		**0.2**	0.2
Audit of the Group's subsidiaries pursuant to legislation		**0.1**	0.1

*Information technology expense mainly consists of software and maintenance costs.

Within the period, the Group's auditor provided non-audit services relating to the provision of software licenses with a value of £25,700 (2023: £25,000) and other assurance services related to ESG assurance with a value of £49,000 (2023: £nil).

Other operating income includes sub-letting land and buildings of £2.6m (2023: £3.1m).

7. Net finance charges

	Note	53 weeks ended 5 July 2024 (£m)	52 weeks ended 30 June 2023 (£m)
Finance expense:			
Bank loans and overdrafts*		**(0.5)**	(1.1)
Net interest cost on pension liabilities	18	**-**	(0.1)
Interest on lease liabilities	11	**(1.4)**	(1.5)
Unwinding of discount on property provisions	15	**(0.1)**	(0.5)
		(2.0)	(3.2)
Finance income:			
Short term deposits and investments		**1.4**	0.3
		1.4	0.3
Net finance charges		**(0.6)**	(2.9)

*Bank loans and overdrafts includes a £0.2m (2023: £0.2m) interest charge on annuity obligations (note 15).

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

8. Tax

Accounting policy: Current tax

The financial statements do not include any charge or liability for taxation on the results of the LLP as the relevant income tax is the responsibility of the individual members. The LLP aims to retain sufficient funds to settle members' income tax liabilities on their behalf, in relation to their share of profit for the period. This is reflected in members' interests. Some of the companies included within these consolidated financial statements are subject to corporation tax based on their profits for the financial period.

Corporation tax arises in corporate subsidiaries as follows:

	53 weeks ended 5 July 2024 (£m)	52 weeks ended 30 June 2023 (£m)
Current tax	**9.2**	5.2
Deferred tax	**(0.2)**	0.7
Total tax expense	**9.0**	5.9
Factors affecting the tax charge for the period:		
Profit on ordinary activities of corporate subsidiaries before taxation	**29.0**	31.8
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 25% (2023: 21%)	**7.3**	6.7
Impact of items not deductible for tax purposes	**1.5**	0.2
Adjustments to brought forward values	**-**	0.5
Income not subject to taxation	**(0.1)**	(1.0)
Adjustments in respect of prior periods	**0.3**	(0.6)
Adjustment in deferred tax due to change in corporation tax rate	**-**	0.1
	9.0	5.9

The Group adopted the amendments to IAS 12 issued in May 2023, which provide a temporary mandatory exception from the requirement to recognise and disclose deferred taxes arising from enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules. Under these amendments, any Pillar Two taxes incurred by the Group will be accounted for as current taxes from 1 July 2024. Based on an initial analysis of the current year financial data, most territories in which the Group operates are expected to qualify for one of the safe harbour exemptions such that top-up taxes should not apply.

Accounting policy: Deferred tax

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At 5 July 2024, deferred tax assets and liabilities comprise temporary differences between the tax base and the carrying value on capital allowances and depreciation.

Deferred tax is measured at the tax rates that are substantively enacted at the reporting date and expected to apply in the periods in which the temporary differences reverse. It is measured using a tax rate of 25% for the period to 5 July 2024 (2023: 25%).

There was no deferred tax arising in the LLP for the year to 5 July 2024 (2023: £nil).

Group	5 July 2024 (£m)	30 June 2023 (£m)
Balance of deferred tax assets at end of period	**0.2**	-
Balance of deferred tax liabilities at end of period	**(1.9)**	(2.1)

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

9. Intangible assets

Accounting policy

Goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. It does this by allocating the carrying value of goodwill to cash generating units (CGU's) and then comparing the carrying value of each CGU with its recoverable amount. The cash generating units have been identified with reference to the specific trade acquired as part of the relevant business combination. The recoverable amount of the CGU has been determined based on value in use (VIU) calculations. The members are satisfied that no impairment provision was required against the carrying value of the Group's goodwill at the current or previous financial year end. The use of the VIU method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. The future cash flows used in the VIU calculation are based on financial budgets approved by management, and on prior year profit experience extrapolated to the five-year period to June 2029.

We have assumed a compound annual growth rate of 4.1% (2023: 2.7%) within the next five years. The discount rates used in the VIU calculation are based on a pre-tax estimated weighted average cost of capital of 12% (2023: 18%). At 5 July 2024, the carrying amount of the Group's goodwill was £11.7m (2023: £11.7m). The largest element of goodwill held within the Group is £7.0m in respect of trade acquired by the Group in 2008. A reasonable change in the key assumptions does not have a significant impact on the difference between value in use and the carrying value. The CGU's are at the business stream level as this is the lowest level that the Group monitors goodwill and for which financial information can be obtained.

Customer relationships

The fair value of separately identifiable intangible assets acquired as part of the acquisition in 2019 of certain trade and assets of Moore Stephens LLP, was evaluated and Customer Relationships of £26.9m were identified and capitalised. In subsequent years, £0.2m has been disposed. These assets will be amortised over their useful lives of between 5.4 and 7.4 years.

Group	Customer relationships (£m)	Goodwill (£m)	Total (£m)
Cost			
At 1 July 2022, 30 June 2023 and 5 July 2024	**26.7**	**11.7**	**38.4**
Accumulated amortisation/impairment			
At 1 July 2022	15.0	-	15.0
Amortisation charge for the period	4.4	-	4.4
At 30 June 2023	19.4	-	19.4
Amortisation charge for the period	4.4	-	4.4
At 5 July 2024	**23.8**	**-**	**23.8**
Net carrying amount at 1 July 2022	11.7	11.7	23.4
Net carrying amount at 30 June 2023	7.3	11.7	19.0
Net carrying amount at 5 July 2024	**2.9**	**11.7**	**14.6**

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

9. Intangible assets (continued)

LLP	Customer relationships (£m)	Goodwill (£m)	Total (£m)
Cost			
At 1 July 2022, 30 June 2023 and 5 July 2024	**3.0**	**7.0**	**10.0**
Accumulated amortisation/impairment			
At 1 July 2022	1.6	-	**1.6**
Amortisation charge for the period	0.5	-	**0.5**
At 30 June 2023	2.1	-	**2.1**
Amortisation charge for the period	0.5	-	**0.5**
At 5 July 2024	**2.6**	**-**	**2.6**
Net carrying amount at 1 July 2022	1.4	7.0	**8.4**
Net carrying amount at 30 June 2023	0.9	7.0	**7.9**
Net carrying amount at 5 July 2024	**0.4**	**7.0**	**7.4**

Amortisation of intangible assets is included in operating expenses.

10. Property, plant, and equipment

Accounting policy

Property, plant and equipment is stated at historic cost less accumulated depreciation and impairment.

The cost of property, plant and equipment is written off by annual instalments over the expected useful economic lives of the assets concerned. Cost includes expenditure that is directly attributable to the acquisition of the asset and any expected cost of reinstatement that has been provided.

The depreciation rates applied to property, plant and equipment are as follows:

- Leasehold improvements: Five to fifteen years, or the life of the lease if lower
- Fixtures, fittings and computer equipment: Two to ten years
- Motor vehicles: 18.75% per annum of cost for the first four years, 6.25% for the final four years.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

10. Property, plant, and equipment (continued)

Group	Leasehold improvements (£m)	Fixtures, fittings and computer equipment (£m)	Motor vehicles (£m)	Total (£m)
Cost				
At 1 July 2022	42.7	31.8	0.1	74.6
Additions	0.7	9.1	-	9.8
Disposals	(1.1)	(2.9)	(0.1)	(4.1)
At 30 June 2023	42.3	38.0	-	80.3
Additions	2.5	3.1	-	5.6
Disposals	(3.9)	(6.7)	-	(10.6)
At 5 July 2024	**40.9**	**34.4**	**-**	**75.3**
Accumulated depreciation/ impairment				
At 1 July 2022	34.4	16.1	0.1	50.6
Charge for the period	1.8	6.7	-	8.5
Disposals	(1.1)	(2.9)	(0.1)	(4.1)
At 30 June 2023	35.1	19.9	-	55.0
Charge for the period	1.8	7.0	-	8.8
Disposals	(3.6)	(6.4)	-	(10.0)
At 5 July 2024	**33.3**	**20.5**	**-**	**53.8**
Net carrying amount				
At 1 July 2022	8.3	15.7	-	24.0
At 30 June 2023	7.2	18.1	-	25.3
At 5 July 2024	**7.6**	**13.9**	**-**	**21.5**

LLP	Leasehold improvements (£m)	Fixtures, fittings and computer equipment (£m)	Total (£m)
Cost			
At 1 July 2022	32.6	6.5	39.1
Additions	1.9	0.2	2.1
At 30 June 2023	34.5	6.7	41.2
Additions	0.1	0.3	0.4
Disposals	(3.5)	(0.9)	(4.4)
At 5 July 2024	**31.1**	**6.1**	**37.2**
Accumulated depreciation/impairment			
At 1 July 2022	30.3	4.8	35.1
Charge for the period	0.3	0.2	0.5
At 30 June 2023	30.6	5.0	35.6
Charge for the period	0.8	0.4	1.2
Disposals	(3.5)	(0.9)	(4.4)
At 5 July 2024	**27.9**	**4.5**	**32.4**
Net carrying amount			
At 1 July 2022	2.3	1.7	4.0
At 30 June 2023	3.9	1.7	5.6
At 5 July 2024	**3.2**	**1.6**	**4.8**

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

11. Leases

Accounting policy

Lessee accounting

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate for the relevant legal entity on commencement of the lease is used. On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the assumption of a termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability increased for:

- lease payments made at or before commencement of the lease
- initial direct costs incurred and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 15).

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term (an uncommon scenario).

When the Group revises its estimate of the term of any lease or, when there is a lease modification, it re-assesses the probability of a lessee extension or termination option being exercised and it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of properties. All property leases have periodic rent that is fixed over the lease term. The Group also leases certain items of plant and equipment. Leases of plant and equipment comprise of only fixed payments over the lease terms. Some of these leases are low in value and are therefore expensed on a straight-line basis to the income statement instead of being capitalised. The Group sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Group will consider whether the absence of a break clause would expose the Group to excessive risk. Typically, factors considered in deciding to negotiate a break clause include:

- the length of the lease term
- the economic stability of the environment in which the property is located and
- whether the location represents a new area of operations for the Group.

The Group has a number of leases with break clauses. These are reviewed during the year to determine whether it is likely that they will be taken. During the current and prior periods, the option to terminate a lease at the point of a break clause was exercised. The impact of this has been presented within lease modifications.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

11. Leases (continued)

ROU assets - Group	Plant and machinery (£m)	Land and buildings (£m)	Total (£m)
Cost			
At 1 July 2022	1.6	156.6	158.2
Additions	-	0.2	0.2
At 30 June 2023	1.6	156.8	158.4
Additions	-	10.1	10.1
At 5 July 2024	1.6	166.9	168.5
Accumulated depreciation			
At 1 July 2022	0.1	60.4	60.5
Charge for the period	0.3	17.8	18.1
Modifications	-	0.8	0.8
At 30 June 2023	0.4	79.0	79.4
Charge for the period	0.3	17.8	18.1
Modifications	-	0.9	0.9
At 5 July 2024	0.7	97.7	98.4
Net carrying amount			
At 1 July 2022	1.5	96.2	97.7
At 30 June 2023	1.2	77.8	79.0
At 5 July 2024	0.9	69.2	70.1

ROU assets - LLP	Land and buildings (£m)
Cost	
At 1 July 2022	116.1
Additions	0.2
At 30 June 2023	116.3
Additions	3.2
At 5 July 2024	**119.5**
Accumulated depreciation	
At 1 July 2022	44.5
Charge for the period	14.3
At 30 June 2023	58.8
Charge for the period	14.1
At 5 July 2024	**72.9**
Net carrying amount	
At 1 July 2022	71.6
At 30 June 2023	57.5
At 5 July 2024	**46.6**

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

11. Leases (continued)

Lease Liabilities - Group	**Plant and machinery (£m)**	**Land and buildings (£m)**	**Total (£m)**
At 1 July 2022	1.5	101.8	103.3
Additions	-	0.2	0.2
Interest expense	-	1.5	1.5
Lease payments	(0.3)	(20.4)	(20.7)
Modifications	-	(0.8)	(0.8)
At 30 June 2023	1.2	82.3	83.5
Additions	-	9.3	9.3
Interest expense	-	1.4	1.4
Lease payments	(0.3)	(20.8)	(21.1)
Modifications	-	(0.9)	(0.9)
At 5 July 2024	**0.9**	**71.3**	**72.2**

Lease Liabilities - LLP	**Land and buildings (£m)**
At 1 July 2022	75.0
Additions	0.2
Interest expense	1.1
Lease payments	(16.1)
At 30 June 2023	60.2
Additions	3.2
Interest expense	0.9
Lease payments	(16.6)
At 5 July 2024	**47.7**

Total commitments on lease liabilities*	**Group 5 July 2024 (£m)**	**Group 30 June 2023 (£m)**	**LLP 5 July 2024 (£m)**	**LLP 30 June 2023 (£m)**
Up to 1 year	**18.7**	18.7	**14.5**	14.2
Between 1 and 2 years	**18.3**	18.1	**14.7**	13.9
Between 2 and 5 years	**25.7**	41.4	**18.5**	32.1
Over 5 years	**9.5**	5.3	**-**	-
	72.2	83.5	**47.7**	60.2

Low value leases - Group	**53 weeks ended 5 July 2024 (£m)**	**52 weeks ended 30 June 2023 (£m)**
Low value lease expense	0.6	0.9

The LLP does not have any low value leases.

*Undiscounted contractual cashflows have been disclosed in note 19.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

12. Investment in subsidiary undertakings

Accounting policy

Investments in subsidiary undertakings are stated at cost less, where appropriate, provisions for impairment.

LLP	5 July 2024 (£m)	30 June 2023 (£m)
Shares in Group undertakings:		
At beginning of the period	**3.3**	3.3
Impairment of investment	**(0.6)**	-
At end of the period	**2.7**	3.3

The subsidiaries in which the LLP has an interest at the period end are detailed opposite.

- Proportion of voting rights and ordinary share capital held are 100% unless otherwise indicated
- Country of incorporation, registration, and operation is England and Wales unless otherwise indicated
- Aside from Clinton Avenue Properties Ltd (dissolved 1 September 2023), the listing of subsidiary undertakings is unchanged when compared to the prior period.

Subsidiary undertakings	Nature of business
Direct interests:	
BDO Nominees Ltd	**Nominee company**
Indirect Group interests:	
BDO LLP Ltd	**Professional services**
New Garden House Pension Trustees Ltd	**Trustee company**
BDO Trustees Ltd	**Trustee company**
The Clients Trustee Company Ltd (dissolved 30 August 2024)	**Trustee company**
TBW Trustees Ltd	**Trustee company**
BDO Pension Trustees Ltd	**Trustee company**
BDO Pension Trustees No2 Ltd	**Trustee company**
BDO Trustees (MS) Ltd	**Trustee company**
Snow Hill Trustees Ltd	**Trustee company**
BDO Services Ltd	**Professional services**
BDO Employment Services Ltd	**Professional services**
BDO IFI Services Ltd	**Professional services**
BDO Holdings Ltd	**Holding company**
BDO Regulatory Solutions Ltd[1]	**Professional services**

Entities above are all registered at: 55 Baker Street, London, W1U 7EU

SH Insurance Ltd (in liquidation)	**Insurance company**

Country of incorporation, registration, and operation is Guernsey

Registered at: Maison Trinity, Trinity Square, St Peter Port, Guernsey, GY1 4AT

[1] 67% proportion of voting rights and ordinary share capital held.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

12. Investment in subsidiary undertakings (continued)

Subsidiary undertakings	Nature of business
Moore Stephens IFI Services Ltd Country of incorporation, registration, and operation is Gibraltar *Registered at: Suite 5, 4 Watergardens, Waterport, Gibraltar*	Professional services
BDO IFI Pvt Ltd Country of incorporation, registration, and operation is Zimbabwe *Registered at: 1 Pembi Close, Glen Lorne, Harare, Zimbabwe*	Professional services
BDO IFI Monrovia Inc2	Professional services
Moore Stephens IFI Inc2 Country of incorporation, registration, and operation is Liberia *Registered at: 81 Sekou Toure Ave, PO Box 1921, Mamba Point, Monrovia, Liberia*	Professional services
BDO IFI SPRL Country of incorporation, registration, and operation is Burundi *Registered at: Building Old East, Place de L'independence, Bujumbura, Burundi*	Professional services
MS IFI SARL Country of incorporation, registration, and operation is Lebanon *Registered at: Corniche du Fleuve, Victoria Tower Bldg, 4th Floor,Beirut, Lebanon*	Professional services
IFI Maghreb LLC Country of incorporation, registration, and operation is Tunisia *Registered at: Rue de l'Independence, Ariana 2080, Tunisia*	Professional services
IFI Madagascar SARL Country of incorporation, registration, and operation is Madagascar *Registered at: Lot S100 Mandikanamana, Alasora, Madagascar*	Professional services
IFI Cameroon SARL Country of incorporation, registration, and operation is Cameroon *Registered at: 3rd Floor Emmeuble, 4 Etages, PO Box 4155, Douala, Cameroon*	Professional services

[2] 49% proportion of voting rights and ordinary share capital held. The balance of the voting right is controlled by BDO through a partner based in Liberia required to comply with local laws.

13. Trade and other receivables

Accounting policy

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed.

This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within operating expenses in the consolidated statement of comprehensive income.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

13. Trade and other receivables (continued)

Accounting policy (continued)

Amortised cost (continued)

On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

Unbilled revenues on individual client and audited entity assignments are classified as contract assets. Contract assets are measured initially at fair value and held at amortised cost less provisions for expected credit losses. In calculating total unbilled revenue from service contracts, the group makes certain estimates as to the extent to which performance obligations have been satisfied. In doing so, the group assesses the time and external costs incurred but unbilled and the clients' or audited entity willingness and ability to pay for the services provided. Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change. Estimates are updated at each reporting date, including application of any constraint in respect of variable consideration until the uncertainty is resolved. Any resulting increases or decreases in estimated revenues or costs are reflected in the income statement in the period in which the circumstances arose.

The carrying value of trade receivables and unbilled revenue was assessed at the end of the financial period. Expected credit losses in respect of trade receivables have been applied and are disclosed in the subsequent table. Expected credit losses in respect of contract assets of £nil (2023: £nil) have been recognised.

	Group 5 July 2024 (£m)	Group 30 June 2023 (£m)	LLP 5 July 2024 (£m)	LLP 30 June 2023 (£m)
Current				
Trade receivables	**167.3**	170.5	**166.3**	168.8
Provision for impairment	**(4.7)**	(5.0)	**(4.7)**	(4.9)
Net trade receivables	**162.6**	165.5	**161.6**	163.9
Contract assets	**100.8**	88.1	**100.4**	87.9
Other receivables	**5.8**	1.6	**4.0**	0.4
Amounts owed by Group undertakings	**-**	-	**10.0**	16.9
Total financial assets held at amortised cost	**269.2**	255.2	**276.0**	269.1
Prepayments	**22.9**	15.6	**6.1**	6.4
Corporation tax	**-**	3.4	**-**	-
Total trade and other receivables	**292.1**	274.2	**282.1**	275.5
Non-current				
Other receivables	**0.2**	0.2	**0.2**	0.2
Prepayments	**0.2**	0.3	**0.2**	0.3
Deferred tax assets	**0.2**	-	**-**	-
	0.6	0.5	**0.4**	0.5

The carrying value of trade and other receivables classified as financial assets are measured at amortised cost. All amounts shown under receivables for the Group and LLP, except for those items classified as non-current, are expected to fall due for payment within one year.

Amounts owed by Group undertakings relate to loans to subsidiaries. Loan amounts have terms of less than one year and incur interest at an arms-length rate. Credit risk for receivables from Group entities has not varied significantly since their initial recognition.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

13. Trade and other receivables (continued)

Accounting policy (continued)

Amortised cost (continued)

The contracts with customers are generally for periods of one year or less or carry a right to consideration directly aligned to the performance to date. As a result, the Group has applied the practical expedient set out in IFRS 15.63 to not adjust the promised amounts of consideration for the effects of a significant financing component. Additionally, the Group has applied the practical expedient set out in IFRS 15.121 'Revenue from Contracts with Customers' in respect of presentation of the transaction price allocated to partially or fully unsatisfied contracts with customers.

Non-current other receivables relate to accrued consideration in respect of the Group's disposal of BDO Ltd in 2018. This is due to be fully repaid by 2025.

	Gross carrying amount (£m)	Low provision (£m)	Expected loss rate %
5 July 2024			
Current	113.8	1.4	1.2%
31-60 days overdue	25.4	0.3	1.2%
61-90 days overdue	11.8	0.2	1.7%
91-270 days overdue	12.3	0.7	5.7%
>270 days overdue	4.0	2.1	52.5%
	167.3	**4.7**	**2.8%**
30 June 2023			
Current	105.4	1.5	1.4%
31-60 days overdue	31.7	0.4	1.3%
61-90 days overdue	13.1	0.2	1.5%
91-270 days overdue	16.0	0.9	5.6%
>270 days overdue	4.3	2.0	46.5%
	170.5	**5.0**	**2.9%**

	Group 5 July 2024 (£m)	Group 30 June 2023 (£m)	LLP 5 July 2024 (£m)	LLP 30 June 2023 (£m)
Movements in the impairment allowance for trade receivables are as follows:				
At beginning of period	**5.0**	7.3	**4.9**	7.2
Increase during the period	**7.7**	4.7	**7.8**	4.7
Unused amounts reversed	**(3.3)**	(3.7)	**(3.3)**	(3.7)
Receivables written off during the period as uncollectable	**(4.7)**	(3.3)	**(4.7)**	(3.3)
At end of period	**4.7**	5.0	**4.7**	4.9
The following shows the ageing of trade receivables:				
Current	**113.8**	105.4	**112.9**	104.1
31-60 days overdue	**25.4**	31.7	**25.3**	31.6
61-90 days overdue	**11.8**	13.1	**11.8**	13.1
91-270 days overdue	**12.3**	16.0	**12.3**	15.7
>270 days overdue	**4.0**	4.3	**4.0**	4.3
Total	**167.3**	170.5	**166.3**	168.8

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

14. Financial liabilities

Accounting policy

The Group's and LLP's financial liabilities comprise:

- Loans and borrowings - these are initially recognised at fair value net of any transaction costs and are subsequently measured at amortised cost using the effective interest rate method, which ensures that the interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position
- Trade and other payables - these are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. The carrying value of these liabilities approximates their fair value
- Lease liabilities – these are recognised as per the accounting policy in note 11.

The Group and LLP's contract liabilities are non-financial liabilities which represent revenue received in advance of satisfying the performance obligations connected to contracts with customers.

Trade and other payables	Group 5 July 2024 (£m)	Group 30 June 2023 (£m)	LLP 5 July 2024 (£m)	LLP 30 June 2023 (£m)
Current				
Trade payables	**16.6**	14.5	**10.0**	8.5
Other payables	**4.1**	4.1	**1.5**	1.5
Accruals	**47.1**	40.8	**13.2**	15.6
Amounts due to Group undertakings	**-**	-	**44.6**	40.9
Total financial liabilities held at amortised cost	**67.8**	59.4	**69.3**	66.5
Corporation tax	**4.2**	-	**-**	-
Other taxation and social security	**40.1**	37.9	**37.5**	34.5
Total trade and other payables (excluding contract liabilities)	**112.1**	97.3	**106.8**	101.0
Contract liabilities	**21.4**	20.9	**21.4**	20.9
Total trade and other payables	**133.5**	118.2	**128.2**	121.9

The carrying amount of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

The opening balance of contract liabilities of the Group and LLP and value recognised as revenue is shown in the table below:

	5 July 2024 (£m)	30 June 2023 (£m)
Opening contract liabilities	20.9	21.5
Value recognised as revenue in period	16.7	18.4

Amounts due to Group undertakings consist of trade amounts outstanding with subsidiaries.
Trading amounts owed to Group undertakings are unsecured, interest free and repayable on arms-length terms.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

14. Financial liabilities (continued)

Loans and borrowings	Group 5 July 2024 (£m)	Group 30 June 2023 (£m)	LLP 5 July 2024 (£m)	LLP 30 June 2023 (£m)
Current				
Amounts due to former members	**10.1**	13.5	**10.1**	13.5
	10.1	13.5	**10.1**	13.5
Non-current				
Amounts owed to related parties	**0.4**	-	**-**	-
Amounts due to former members	**0.8**	1.9	**0.8**	1.9
Members' capital	**1.7**	1.6	**1.7**	1.6
Amounts due to members	**254.5**	225.7	**254.5**	225.7
	257.4	229.2	**257.0**	229.2
Total loans and borrowings	**267.5**	242.7	**267.1**	242.7

Amounts due to former members and partners

The amounts due to former members and partners comprise the amounts repayable in accordance with the members' agreement and the related cash flows are classified as financing in the statement of cash flows. Members' interests (including but not limited to any amounts due to members) are subordinated in favour of bank borrowings. Amounts due to members rank equally with other unsecured creditors that are not banks in the event of a winding up. Members' other interests, represented by members' other reserves (equity), rank after all unsecured creditors. The relevant contractual maturities of these amounts have been disclosed in note 19.

15. Provisions

Accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Professional indemnity

In common with comparable professional practices, the Group is involved in a number of disputes in the ordinary course of business which may give rise to claims by clients and audited entities or investigations commenced by regulatory bodies which may lead to regulatory proceedings. Where costs are likely to be incurred in defending and concluding such matters and can be measured reliably, they are provided for in the financial statements. The Group carries professional indemnity insurance, and any expected reimbursements are recognised when material and virtually certain. No separate disclosure is made of the detail of such claims or proceedings, or the costs recovered by insurance as further disclosure could be seriously prejudicial to the Group. Where there are associated insurance

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

15. Provisions (continued)

Professional Indemnity (continued)

recoveries in relation to professional indemnity provision costs that are covered by insurance, these are presented gross and included within other receivables.

Property provisions

Provision is made for estimated dilapidations including reinstatement costs (where there is an obligation to restore premises to their original condition upon vacating them under the terms of the lease). The costs related to the repair and maintenance of equipment and properties that are used by the Group and for which the Group has responsibility to maintain or may be liable for dilapidation, are provided for as they arise.

	Annuities (£m)	Professional indemnity (£m)	Property (£m)	Total (£m)
Group				
At 30 June 2023	4.6	5.3	9.7	**19.6**
Utilisation	(0.5)	(14.2)	(1.2)	**(15.9)**
Additions	0.1	17.3	0.1	**17.5**
Reversals of unused amounts	-	(1.4)	-	**(1.4)**
Recognition of insurance receivables	-	6.6	-	**6.6**
At 5 July 2024	**4.2**	**13.6**	**8.6**	**26.4**
LLP				
At 30 June 2023	0.1	7.9	5.6	**13.6**
Utilisation	-	(12.9)	(0.9)	**(13.8)**
Additions	0.1	17.3	-	**17.4**
Reversals of unused amounts	-	(1.4)	(0.3)	**(1.7)**
Recognition of insurance receivables	-	2.7	-	**2.7**
At 5 July 2024	**0.2**	**13.6**	**4.4**	**18.2**

	Group 5 July 2024 (£m)	Group 30 June 2023 (£m)	LLP 5 July 2024 (£m)	LLP 30 June 2023 (£m)
Current	**14.9**	5.3	**14.1**	7.9
Non-Current	**11.5**	14.3	**4.1**	5.7
Total	**26.4**	19.6	**18.2**	13.6

Annuities

On 1 February 2019 BDO Services Ltd, a Group entity, acquired certain trade and assets of Moore Stephens LLP. This included the acquisition of former partner annuities amounting to £6.9m.

Professional indemnity

The professional indemnity provision relates to the expected cost of defending claims and, where appropriate, the estimated cost of settling claims. The average period claims remained open, based on all cases opened and closed for the last five years, is 43 months.

Property provisions

The property 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. The risk-free rate has been used to discount the future cash flows. These are expected to be paid at the end of the lease terms in 1 to 15 years.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

16. Related party transactions

The subsidiary undertakings listed in note 12 are related parties of the LLP. The transactions entered into with subsidiaries during the period are eliminated on consolidation. These transactions include management charges and charges for the cost of services provided. The LLP's receivables and payables owed by/due to group undertakings at the reporting date have been disclosed within notes 13 and 14.

The following table provides the total amount of transactions entered into with subsidiaries during the period:

LLP	53 weeks ended 5 July 2024 (£m)	52 weeks ended 30 June 2023 (£m)
Income earned from subsidiaries	**55.2**	61.9
Services provided by subsidiaries	**(663.4)**	(601.9)
Dividend income	**0.8**	4.8
Finance income	**1.0**	-

The main trading subsidiary undertakings, BDO Services Ltd, BDO LLP Ltd, BDO Regulatory Solutions Ltd, BDO IFI Services Ltd and BDO Holdings Ltd are managed by nine Directors who are also members of BDO LLP. The remuneration of these members is shown in the table below. There was no management personnel compensation for any type of benefits.

	5 July 2024 (£m)	30 June 2023 (£m)
Lowest paid director	**-**	-
Highest paid director	**0.3**	0.3
Total directors remuneration	**1.4**	1.5

17. Contingent liabilities

Accounting policy

A contingent liability is not recognised in the statement of financial position. However, unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed.

Claims and regulatory proceedings are the area most likely to give rise to a contingent liability for the Group. There are no contingent liabilities in relation to this.

18. Pensions

Accounting policy

The Group operates defined benefit and defined contribution schemes, along with Group Personal Pension arrangements for its staff. Assets covering these arrangements are held in independently administered funds held separately from the assets of the Group.

The pension costs in the consolidated financial statements are determined in accordance with IAS 19 Employee Benefits.

In respect of the defined benefit schemes, formal actuarial valuations are carried out every three years. An annual valuation is carried out by the scheme actuaries at each year-end for the purposes of IAS 19.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

18. Pensions (continued)

Accounting policy (continued)

The Group's income statement includes the net effect of the interest income on scheme assets and the interest cost on scheme liabilities. Actuarial gains and losses are recognised directly to members' interests through the consolidated statement of comprehensive income.

Staff pension costs relating to the Group's defined contribution scheme and Group personal pension arrangements are charged to the income statement as they are incurred.

Members are required to make their own provision for pensions.

Annuities to former partners and employees of the LLP have been provided in full within provisions for liabilities (note 15).

The schemes

The BDO Pension Scheme ('the Scheme') has two sections: a funded defined benefit section ('DB') and a defined contribution section ('DC'). The Scheme's assets are held separately from those of the Group. The DB section is closed to future accrual of benefit.

The scheme is administered by a separate board of trustees which is legally separate from the LLP. The trustees are composed of representatives of both the firm and the members within the pension scheme. The trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day-to-day administration of the benefits.

The Group took over the obligations in respect of two funded defined benefit schemes (BDO ES Schemes) on merging with PKF (UK) LLP. These schemes are closed to future accrual of benefit.

In addition, the Firm operates three Group Personal Pension Plans, one which has operated since 2011, a Group Personal Pension Plan transferred to the Group on merging with PKF (UK) LLP, and a Group Personal Pension Plan transferred to the Group on acquisition of certain trade and assets of Moore Stephens LLP.

The LLP also has obligations to pay pensions and allowances to certain former partners, which are provided for within the financial statements as a provision for annuities payable.

The amounts quoted in these financial statements for all three defined benefit schemes are based on a full valuation of the Scheme as at the period end as undertaken for IAS 19 purposes.

Defined contribution arrangement

In the period the Group paid £nil contributions (2023: £nil) to the DC section of the BDO Pension Scheme. There is no adjustment under IAS 19 for this section of the scheme. The subsequent sections of this note therefore focus on the defined benefit schemes.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

18. Pensions (continued)

Risks

The firm is exposed to a number of risks through the scheme, the most significant of which are detailed below.

Liability risk

Liabilities have been calculated by discounting the benefits using the yields on suitable AA-rated corporate bonds, whereas the schemes do not invest solely in such bonds. To that extent there is a mismatch between the assets and the liabilities (for accounting purposes) which means that the assets and liabilities (and hence the surplus or deficit) can be volatile between different accounting periods, depending on general movements in the market.

The combined net defined benefit liability for all schemes as at the period end for both Group and LLP is:

	5 July 2024 (£m)	30 June 2023 (£m)
Defined benefit obligation	**(70.0)**	(69.6)
Fair value of plan assets	**69.9**	69.7
Increased minimum funding requirement	**-**	(0.7)
Net defined benefit liability	**(0.1)**	(0.6)

In the prior year, BDO did not have the unconditional right to the surplus asset in the BDO ES (Manchester) scheme of £0.7m, therefore an additional minimum funding requirement of this value was recognised through the statement of comprehensive income.

Historic scheme details

Section		Merger date	Date closed to new members and future accrual
BDO DB section	A	n/a	30 Nov 1994
Moores Rowland DB section	A	30 Nov 2000	1 May 1995
BDO ES DB section[1]	B	31 Jan 2006	31 Mar 1997
BDO ES (Manchester) DB section[2]	B	31 Jan 2006	31 Aug 2002
BDO DC section		n/a	7 Aug 2011

A included in the disclosure for the 'BDO scheme'.

B included in the disclosure for the 'BDO ES scheme'.

[1] Formerly the PKF Final salary Pension Scheme and includes the assets and liabilities of the Pannell Kerr Forster Pension Fund.

[2] Formerly the PKF (Manchester) Pension Fund.

The assets and liabilities of the DB sections have been valued for IAS 19 purposes by a qualified actuary from Broadstone Pensions & Investments Limited ('Broadstone') on 5 July 2024.

The Group pays the costs of administering the Schemes. The ongoing mandatory contribution level has been agreed at £1.1m allocated to the BDO DB section and £nil per annum for all other sections.

For reporting purposes, the assets and liabilities of the two BDO ES schemes have been combined on the basis that they are not sufficiently material to report separately.

There are no outstanding or prepaid contributions to these arrangements as at 5 July 2024 (2023: £nil).

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

18. Pensions (continued)

Historic scheme details (continued)

The most recent signed actuarial valuations, conducted under the new Scheme Funding Regulations (Pensions Act 2004), were:

- BDO DB schemes - 30 June 2021 by Broadstone
- BDO ES DB section - 1 April 2023 by Broadstone
- BDO ES (Manchester) DB section - 30 April 2022 by Aviva

Key actuarial assumptions have been updated at the reporting date.

Key acturial assumptions		5 July 2024	30 June 2023
Discount rate	%	**5.0**	5.2
Rate of inflation - RPI	%	**3.6**	3.6
Rate of inflation - CPI	%	**3.1**	3.1
Commutation - Percentage of pension	%	**20.0**	20.0
Life expectancies from age 65:			
Male currently aged 65	Years	**85.6**	85.7
Female currently aged 65	Years	**88.2**	88.1
Male currently aged 45	Years	**86.6**	86.6
Female currently aged 45	Years	**89.3**	89.3

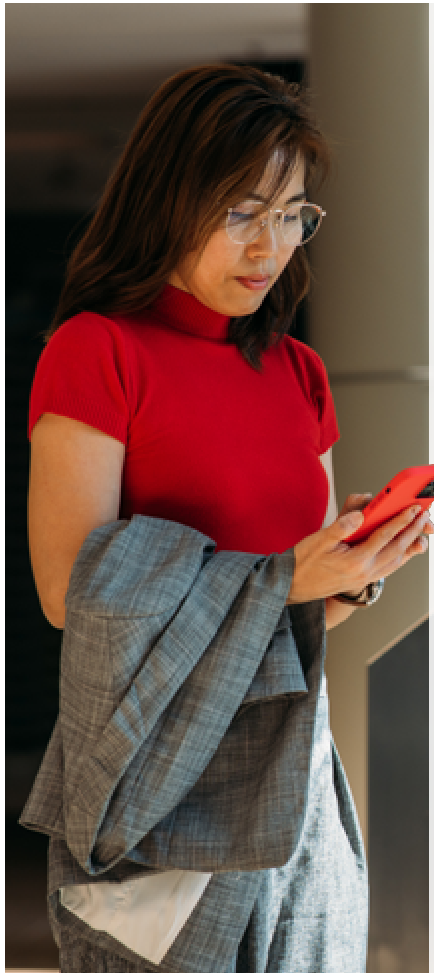
Sensitivity analysis

The sensitivity of the present value of the defined benefit obligations to changes in each of the individual principal actuarial assumptions is shown below:

Increase in net defined benefit liability	BDO pension (£m)	BDO ES pension (£m)	Total (£m)
5 July 2024			
0.1% p.a. decrease in the discount rate	0.4	0.2	**0.6**
0.1% p.a. increase in the assumed rates of inflation	0.1	-	**0.1**
0.5% increase in the assumed long term rate of mortality improvements	0.4	0.2	**0.6**
30 June 2023			
0.1% p.a. decrease in the discount rate	0.4	0.3	**0.7**
0.1% p.a. increase in the assumed rates of inflation	0.1	-	**0.1**
0.5% increase in the assumed long term rate of mortality improvements	0.4	0.2	**0.6**

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)



18. Pensions (continued)

Reconciliation of funded status to statement of financial position	BDO pension (£m)	BDO ES pension (£m)	Total (£m)
5 July 2024			
Defined benefit obligation	(43.1)	(26.9)	**(70.0)**
Fair value of plan assets	41.0	28.9	**69.9**
Net defined benefit (liability)/asset	(2.1)	2.0	**(0.1)**
30 June 2023			
Defined benefit obligation	(41.9)	(27.7)	**(69.6)**
Fair value of plan assets	40.5	29.2	**69.7**
Increased minimum funding requirement	-	(0.7)	**(0.7)**
Net defined benefit (liability)/asset	(1.4)	0.8	**(0.6)**

Reconciliation of defined benefit obligation over the period	BDO pension (£m)	BDO ES pension (£m)	Total (£m)
5 July 2024			
Defined benefit obligation at the start of the period	(41.9)	(27.7)	**(69.6)**
Interest expense on defined benefit obligation	(2.1)	(1.3)	**(3.4)**
Remeasurement - experience adjustment (loss)/gain	(0.3)	0.1	**(0.2)**
Remeasurement - changes in financial assumptions loss	(1.6)	(0.4)	**(2.0)**
Remeasurement - changes in demographic assumptions gain	0.1	-	**0.1**
Benefits paid	2.7	2.4	**5.1**
Defined benefit obligation at the end of the period	(43.1)	(26.9)	**(70.0)**
30 June 2023			
Defined benefit obligation at the start of the period	(52.6)	(33.8)	**(86.4)**
Interest expense on defined benefit obligation	(1.8)	(1.1)	**(2.9)**
Remeasurement - experience adjustment gain/(loss)	1.1	(0.1)	**1.0**
Remeasurement - changes in financial assumptions gain	8.6	4.9	**13.5**
Remeasurement - changes in demographic assumptions gain	0.7	0.5	**1.2**
Benefits paid	2.1	1.9	**4.0**
Defined benefit obligation at the end of the period	(41.9)	(27.7)	**(69.6)**

Notes to the financial statements

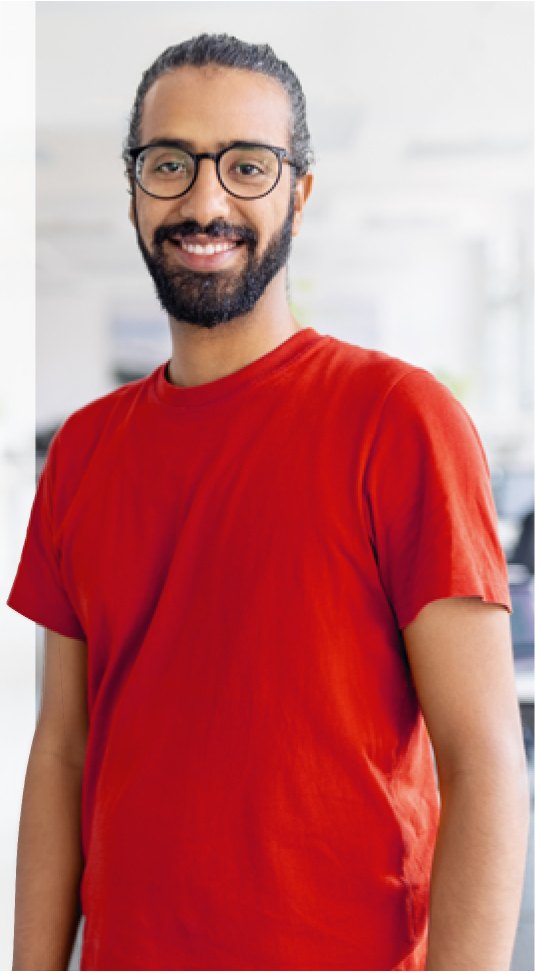
For the 53 weeks ended 5 July 2024 (continued)

18. Pensions (continued)

Assets	BDO pension (£m)	BDO ES pension (£m)	Total (£m)
5 July 2024			
Equities and property	-	0.6	**0.6**
Bonds	37.8	25.0	**62.8**
Other assets	1.6	0.9	**2.5**
Annuity policies	1.6	2.4	**4.0**
	41.0	28.9	**69.9**
30 June 2023			
Equities and property	2.2	1.6	**3.8**
Bonds	26.6	21.3	**47.9**
Multi-asset	1.0	0.6	**1.6**
Diversified funds	5.0	3.2	**8.2**
Liability driven investment	2.9	-	**2.9**
Other assets	1.1	0.4	**1.5**
Annuity policies	1.7	2.1	**3.8**
	40.5	29.2	**69.7**

For both the current and prior period, the assets across all schemes were unquoted.

Reconciliation of fair value of plan assets over the period	BDO pension (£m)	BDO ES pension (£m)	Total (£m)
5 July 2024			
Fair value of plan assets at the start of the period	40.5	29.2	**69.7**
Interest income on plan assets	2.0	1.4	**3.4**
Remeasurement - return on plan assets excluding interest income	0.2	0.5	**0.7**
Contributions by the employer	1.0	0.2	**1.2**
Benefits paid	(2.7)	(2.4)	**(5.1)**
Fair value of plan assets at the end of the period	41.0	28.9	**69.9**
Return on plan assets	2.2	1.9	**4.1**
30 June 2023			
Fair value of plan assets at the start of the period	53.2	33.0	**86.2**
Interest income on plan assets	1.8	1.0	**2.8**
Remeasurement - return on plan assets excluding interest income	(12.4)	(4.0)	**(16.4)**
Contributions by the employer	-	1.1	**1.1**
Benefits paid	(2.1)	(1.9)	**(4.0)**
Fair value of plan assets at the end of the period	40.5	29.2	**69.7**
Return on plan assets	(10.6)	(3.0)	**(13.6)**



Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

18. Pensions (continued)

Reconciliation of funded position	BDO pension (£m)	BDO ES pension (£m)	Total (£m)
5 July 2024			
Net defined benefit (liability)/asset at start of period	(1.4)	0.8	**(0.6)**
Interest (expense)/income recognised in income statement	(0.1)	0.1	**-**
(Loss)/gain recognised in statement of comprehensive income	(1.6)	0.2	**(1.4)**
Contributions by the employer	1.0	0.2	**1.2**
Decreased minimum funding requirement	-	0.7	**0.7**
Net defined benefit (liability)/asset at end of period	(2.1)	2.0	**(0.1)**
30 June 2023			
Net defined benefit asset/(liability) at start of period	0.6	(0.8)	**(0.2)**
Interest expense recognised in income statement	-	(0.1)	**(0.1)**
(Loss)/gain recognised in statement of comprehensive income	(2.0)	1.3	**(0.7)**
Contributions by the employer	-	1.1	**1.1**
Increased minimum funding requirement	-	(0.7)	**(0.7)**
Net defined benefit (liability)/asset at end of period	(1.4)	0.8	**(0.6)**

Analysis of charge to income statement

	BDO pension (£m)	BDO ES pension (£m)	Total (£m)
For the 53 weeks ended 5 July 2024			
Net interest (expense)/income on net defined benefit liability	(0.1)	0.1	**-**
For the 52 weeks ended 30 June 2023			
Net interest expense on net defined benefit liability	-	(0.1)	**(0.1)**

Remeasurements recognised in statement of comprehensive income	BDO pension (£m)	BDO ES pension (£m)	Total (£m)
For the 53 weeks ended 5 July 2024			
Remeasurement - experience adjustments (loss)/gain	(0.3)	0.1	**(0.2)**
Remeasurement - changes in financial assumptions loss	(1.6)	(0.4)	**(2.0)**
Remeasurement - changes in demographic assumptions gain	0.1	-	**0.1**
Remeasurement - return on plan assets excl. interest income gain	0.2	0.5	**0.7**
Decreased minimum funding requirement	-	0.7	**0.7**
Total (loss)/gain recognised in statement of comprehensive income	(1.6)	0.9	**(0.7)**
For the 52 weeks ended 30 June 2023			
Remeasurement - experience adjustments gain/(loss)	1.1	(0.1)	**1.0**
Remeasurement - changes in financial assumptions gain	8.6	4.9	**13.5**
Remeasurement - changes in demographic assumptions gain	0.7	0.5	**1.2**
Remeasurement - return on plan assets excl. interest income loss	(12.4)	(4.0)	**(16.4)**
Increased minimum funding requirement	-	(0.7)	**(0.7)**
Total (loss)/gain recognised in statement of comprehensive income	(2.0)	0.6	**(1.4)**

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

19. Financial instruments – risk management

The Group and LLP is exposed through its operations to the following financial risks:

- Capital risk
- Credit risk
- Interest rate risk
- Foreign exchange risk
- Liquidity risk

The Leadership Team has overall responsibility for the determination of the Group's and LLP's financial risk management objectives and policies. The Leadership Team receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's and LLP's competitiveness and flexibility. Further details regarding the financial risk policies are described below.

Capital risk

The Group and LLP monitors its capital which comprises total members' interests, i.e. members' capital, amounts due to members and amounts classified as equity, cash and cash equivalents and its loans and borrowings. The Group's and LLP's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for all its stakeholders and optimise its debt and equity balance.

Credit risk

Credit risk is the risk of financial loss to the Group and LLP if a client, audited entity or counterparty to a financial instrument fails to meet its contractual obligations. The Group and LLP are mainly exposed to credit risk through credit sales. Credit risk is determined by on-going monitoring of the creditworthiness of existing clients and audited entities and through on-going review of the trade receivables' ageing analysis. Further details regarding the credit risk associated with trade receivables and contract assets are given in note 13. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, typically only independently rated parties with minimum rating "A" are accepted. The Group's principal bankers and their current long-term Fitch credit ratings are shown below:

	At 5 July 2024	At 30 June 2023
Natwest Group PLC	A+	A
Lloyds Banking Group PLC	A	A
HSBC Holdings PLC	A+	A+

Interest rate risk

Interest rate risk arises from borrowings held at variable interest rates linked to the Sterling Overnight Index Average (SONIA). A movement of 100 basis points in the interest rate on the Group's and LLP's variable rate borrowings through the year would have resulted in an additional income statement charge of £0.1m (2023: £0.1m). This is expected to be a similar value during the 2025 financial year.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

19. Financial instruments – risk management (continued)

Foreign exchange risk

Foreign exchange risk arises when the Group enters into transactions denominated in a currency other than its functional currency (pound sterling). The major part of the Group's and LLP's income and expenditure is in pound sterling and any foreign exchange risk is managed by on-going review of reports analysing the Group's and LLP's actual and forecast exposure to monetary assets and liabilities held in foreign currencies. Whenever possible, the Group and LLP seeks to match its foreign currency assets, liabilities, cash inflows and outflows in the same currency. A material movement in the United States Dollar or Euro exchange rate would not have a material impact over the next year on the pre-tax profits of the Group.

Liquidity risk

Liquidity risk arises from the Group's and LLP's management of working capital and the finance charges and principal repayments on its borrowings. It is the risk that the Group and LLP will encounter difficulty in meeting its financial obligations as they fall due. The Group's and LLP's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances and borrowing facilities to meet its expected requirements. The Leadership Team receives cash flow projections on a monthly basis as well as information regarding cash balances and borrowing facilities. The Group's and LLP's facilities, drawn and undrawn, at 5 July 2024 totalled £110m (2023: £105m). The Group's revolving credit facility was increased to £100m in September 2021 with three leading banks. This facility expires in October 2026.

During the year the group utilised its revolving credit facility to satisfy short-term liquidity requirements. During the period the largest utilised value was £34m (2023: £54m).

The tables below analyse the financial liabilities into relevant maturity groupings based on their undiscounted contractual cashflows.

Contractual maturities of liabilities	Within one year (£m)	Between 1 and 5 years (£m)	Over 5 years (£m)	Total contractual cash flows (£m)	Carrying amount (£m)
Group					
At 5 July 2024					
Trade and other payables	67.8	-	-	**67.8**	**67.8**
Amounts owed to related parties	-	0.4	-	**0.4**	**0.4**
Amounts due to former members	10.1	0.8	-	**10.9**	**10.9**
Lease liabilities	20.1	46.9	11.5	**78.5**	**72.2**
Members' capital	-	-	1.7	**1.7**	**1.7**
Amounts due to members	-	254.5	-	**254.5**	**254.5**
	98.0	302.6	13.2	**413.8**	**407.5**
At 30 June 2023					
Trade and other payables	59.4	-	-	**59.4**	**59.4**
Amounts due to former members	13.5	1.9	-	**15.4**	**15.4**
Lease liabilities	19.9	61.6	5.5	**87.0**	**83.5**
Members' capital	-	-	1.6	**1.6**	**1.6**
Amounts due to members	-	225.7	-	**225.7**	**225.7**
	92.8	289.2	7.1	**389.1**	**385.6**

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

19. Financial instruments – risk management (continued)

Contractual maturities of liabilities	Within one year (£m)	Between 1 and 5 years (£m)	Over 5 years (£m)	Total (£m)	Carrying amount (£m)
LLP					
At 5 July 2024					
Trade and other payables	69.3	-	-	**69.3**	**69.3**
Amounts due to former members	10.1	0.8	-	**10.9**	**10.9**
Lease liabilities	15.2	33.9	-	**49.1**	**47.7**
Members' capital	-	-	1.7	**1.7**	**1.7**
Amounts due to members	-	254.5	-	**254.5**	**254.5**
	94.6	289.2	1.7	**385.5**	**384.1**
At 30 June 2023					
Trade and other payables	66.5	-	-	**66.5**	**66.5**
Amounts due to former members	13.5	1.9	-	**15.4**	**15.4**
Lease liabilities	15.1	47.2	-	**62.3**	**60.2**
Members' capital	-	-	1.6	**1.6**	**1.6**
Amounts due to members	-	225.7	-	**225.7**	**225.7**
	95.1	274.8	1.6	**371.5**	**369.4**

Amounts due to known retiring members are included in 'amounts due to former members'. The contractual maturities are in accordance with the member agreement. A significant portion of amounts due to members would usually be distributed in the following period, however the Leadership Team has the right to defer distributions to members beyond twelve months after the reporting period. These balances have therefore been excluded from the 'within one year' category.

20. Borrowings

Group	Non-current borrowings (£m)	Current borrowings (£m)	Lease liability (£m)	Members capital (£m)	Amounts due to current and former members (£m)
At 1 July 2022	-	-	103.3	1.4	219.3
Capital contributions by members	-	-	-	0.3	11.0
Capital repayments to members	-	-	-	(0.1)	(3.3)
Lease liability paid	-	-	(19.2)	-	-
Payment to former members	-	-	-	-	(14.2)
Payment to members	-	-	-	-	(199.8)
Net interest paid	-	(1.1)	(1.5)	-	-
Other non-cash movements*	-	1.1	0.9	-	228.1
At 30 June 2023	-	-	83.5	1.6	241.1
Proceeds from borrowings	0.4	-	-	-	-
Capital contributions by members	-	-	-	0.2	9.1
Capital repayments to members	-	-	-	(0.1)	(4.9)
Lease liability paid	-	-	(19.7)	-	-
Payment to former members	-	-	-	-	(13.3)
Payment to members	-	-	-	-	(183.4)
Net interest paid	-	(0.5)	(1.4)	-	-
Other non-cash movements*	-	0.5	9.8	-	216.8
At 5 July 2024	**0.4**	**-**	**72.2**	**1.7**	**265.4**

*Non cash flow movements relate to the allocation of profit to members, lease liabilities movements and finance costs.

Notes to the financial statements

For the 53 weeks ended 5 July 2024 (continued)

20. Borrowings (continued)

LLP	Current borrowings (£m)	Lease liability (£m)	Members capital (£m)	Amounts due to current and former members (£m)
At 1 July 2022	-	75.0	1.4	219.3
Capital contributions by members	-	-	0.3	11.0
Capital repayments to members	-	-	(0.1)	(3.3)
Lease liability paid	-	(15.0)	-	-
Payment to former members	-	-	-	(14.2)
Payment to members	-	-	-	(198.3)
Net interest paid	(1.1)	(1.1)	-	-
Other non-cash movements*	1.1	1.3	-	226.6
At 30 June 2023	-	60.2	1.6	241.1
Capital contributions by members	-	-	0.2	9.1
Capital repayments to members	-	-	(0.1)	(4.9)
Lease liability paid	-	(15.7)	-	-
Payment to former members	-	-	-	(13.3)
Payment to members	-	-	-	(182.0)
Net interest paid	(0.6)	(0.9)	-	-
Other non-cash movements*	0.6	4.1	-	215.4
At 5 July 2024	**-**	**47.7**	**1.7**	**265.4**

*Non cash flow movements relate to the allocation of profit to members, lease liabilities movements and finance costs.

21. Post balance sheet events

On 17 July 2024, a twenty-year lease agreement was signed for 'The M Building' located on Marylebone Lane in London. London-based staff will be phased into these new premises commencing in October 2027 and vacating Baker Street during or before December 2027. Lease payments are expected to total £498m over the lease term. This is a non-adjusting post balance sheet event.

In June 2023 , in the case of Virgin Media vs NTL Pension Trustees II Limited , the High Court judged that amendments made to the Virgin Media scheme were invalid because they were not accompanied by the correct actuarial confirmation. On 25 July 2024 , the Court of Appeal upheld the June 2023 High Court decision. The Court's decision could have wider ranging implications, affecting other schemes that were contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016. There is still further uncertainty with the potential for overriding government legislation to be introduced.

Management had been waiting for the Court of Appeal's decision before investigating any possible implication for the Group's pension schemes. Given the timing of the decision, the Company has not had adequate time to begin detailed investigations before the signing of these financial statements. Therefore, management considers the amount of any potential impact on the schemes' defined benefit obligation cannot yet be measured with sufficient reliability and consequently no allowance for this has been made in calculating the defined benefit obligations at the reporting date. This is a non-adjusting post balance sheet event.

No other post balance sheet events that would materially affect the 2024 financial year have occurred up to the date of signing the annual report.

Energy and carbon report

For the 53 weeks ended 5 July 2024

Introduction

Regulatory compliance

For the 53 weeks ended 5 July 2024, BDO has prepared our Energy and Carbon Report in compliance with the requirements of the Limited Liability Partnerships (Accounts and Audit) Regulations 2008 (the 'LLP Regulations'). This report aligns to the Task Force on Climate-Related Financial Disclosures (TCFD) framework, and the UK government's policy on Streamlined Energy and Carbon Reporting.

Message from our sustainability and ESG board co-chairs

Our disclosure is structured around the four core elements of recommended climate-related financial disclosures: governance, strategy, risk management and metrics & targets. For each of these four elements, we provide a status update and share next steps and priorities.

This is our second-year reporting against the LLP Regulations - a Task Force on Climate Related Financial Disclosures (TCFD) - aligned disclosure framework. Undertaking this report enables us to reflect on the long-term transition to Net-Zero, the risks to mitigate, and the opportunities to harness along the way. We are pleased to show progress in our work to integrate climate into our strategic thinking and ways of working. In our FY23 report we identified areas for improvement in how we integrate climate risk and opportunity into our business.

Here in summary is our view of progress made:

Improvement area	Update
Process and transparency. Consider how we factor climate impacts into our decision-making, for example climate-related responsibilities in role descriptions of our governance bodies	Our governance bodies agreed to update terms of reference to include a specific responsibility to provide support and challenge to the executive leadership teams on our climate risks.
Capability building. Upskilling members of the Leadership Team, the Partnership Council and the Audit Committee in a broad spectrum of aspects relating to climate	We invested in training for our Partnership Council (PC), Audit Committee (AC) and Business Interest Oversight Board (BIOB) in their remit to provide support and challenge to our executive teams on climate.
Risk management. Review our definitions of climate-risk already included in our risk registers ensuring they cover the full spectrum of our climate-related organisational risk	We carried out a full review of ESG risks as part of a wider strategic risk review.
Climate in financial decisions. Formalise climate risk as a consideration in financial decisions above an agreed threshold	Business travel is our greatest discretionary spend. We implemented a new Carbon Smart Travel Policy to provide guidance to those booking and authorising travel and implemented an internal carbon price on air travel. We created a transparent carbon statement for partners, allowing individuals to track their own and other partners' carbon 'spend'. Property leases are a significant proportion of our annual purchased goods and services and our longest-term financial commitment. We have produced a charter/guideline setting out criteria for briefing third parties who provide property expertise. Our Operations Board Property Subgroup must have a team member(s) qualified to advise this group on the impact of our decisions on our climate targets. This is currently our Finance Partner, who also leads our Decarbonisation Programme.
Confidence in our data. Agree how and when to seek assurance on our carbon data and planning from our internal audit team. Select and onboard an ESG data management software platform to provide clear dashboards and decision-useful analysis	Our financial auditors have been engaged to carry out a review of our Scope 1&2 GHG emissions data and provide an external independent limited assurance conclusion. This follows a review from our internal audit team of our current processes for GHG emissions data management and comes ahead of a move to a new environmental data platform early in FY25.
Leadership development. Upskill our teams managing climate risk through training	Given this year has been a year of change for our leadership teams we have not yet delivered upskilling on climate to our executive teams. We plan to do so in the first half of FY25.

Energy and carbon report

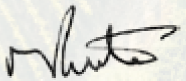
For the 53 weeks ended 5 July 2024 (continued)

Introduction (continued)

Improvement area	Update
Decision-useful metrics. Develop processes and agree ownership for collating a dashboard to analyse GHG emissions metrics on a regular basis. Add climate metrics and indicators to the Operations Board reporting dashboards	Our data management teams have been improving our data insights over the last year and we now include metrics and dashboards in key decision-making groups including our Decarbonisation Steering Committee, Operations Board (OB) and PC.
Incentives. Introduce internal carbon pricing for travel related expenses to improve visibility and encourage better decision making. Conduct a review of remuneration-linked objectives as they relate to climate-change	We have carried out a review of our remuneration with a view to understanding how we would incentivise progress against targets. As a result, we will include performance objectives for climate and decarbonisation in a number of leadership roles. An internal carbon price on air travel has been introduced to provide visibility of the carbon cost associated with flying at the point of booking. This price is set at the cost of our voluntary carbon credits and may change in the future. This is aggregated and allocated to the balance sheet of each of our three streams.

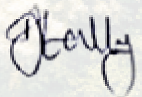
As a firm, we will continue to invest in climate action, measure our progress, analyse and share our performance through our suite of annual reporting.

This report has been approved by BDO LLP's members. A list of individuals who were designated members throughout the year can be found on page 5.



MATTHEW WHITE

Senior Partner,
Sustainability & ESG
Board Co-Chair &
Designated Member



NICOLA LALLY

Partner,
Sustainability &
ESG Board Co-Chair

Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Introduction (continued)

In our financial year 2023, we stated we were not fully aligned to all 11 TCFD recommendations. We worked towards full alignment in FY24 and feel that we now fully meet all the TCFD recommendations.

Governance

Overview of our governance structure

The Firm's most senior governing body is the Partnership Council (PC) which has ultimate oversight of the assessment of climate-related risks and opportunities and for the successful implementation of the ESG strategy. The PC has established two branches of control: the Leadership Team (LT) with executive powers, and the Audit Committee (AC), as a sub-committee of PC, with a focus on statutory compliance and audit. More information about our governance structure can be found in our Transparency Report.

A list of members of the LLP can be found on the Companies House website using the following link: https://find-and-update.company-information.service.gov.uk/company/OC305127/officers

Oversight of progress on climate

The Firm's governance framework tasks the PC and AC with independent oversight of our activities. The PC oversees the Firm's management activities to ensure they align to its purpose, values, and strategic framework. In doing so, it holds the LT to account, including in relation to the Firm's ESG objectives and management of climate risks and opportunities. It is chaired by the Senior Partner and has 12 elected members, all of whom are equity partners.

Our Senior Partner is elected to chair our PC and takes a role on our sustainability-focused governance bodies, providing the insight and oversight to support and challenge the LT on climate issues. The Senior Partner also has a seat on the BDO Global Network's Sustainability Board, creating links, networks and influence amongst our global network of firms.

The AC is responsible for independent oversight of the Firm's financial and non-financial reporting in the annual report, interaction with the external auditors and oversight of the Firm's internal audit function. These responsibilities include assessing the adequacy of the Firm's Streamlined Energy and Carbon Reporting (SECR) as well as regulatory compliance with climate risk reporting under the LLP Regulations. This year, as the need for confidence in our data grows, the AC requested an internal audit of our GHG reporting.

Executive decision-making on climate

The LT is accountable to the PC for developing and driving the long-term, sustainable strategy of the Firm as well as reporting on regulatory requirements. This includes decision-making authority on climate risks and opportunities. The highest level of individual with executive responsibility for climate-related issues is our Chief Executive Officer (CEO), known as our Managing Partner.

Our Sustainability and ESG Board is jointly chaired by our Senior Partner and our Partner with responsibility for Communications and Corporate Affairs. This is an LT advisory body with a remit to explore issues across the spectrum of Environment, Social and Governance and make recommendations to senior leadership teams on strategic and long-term issues on our horizon.

More information on our executive decision-making structures can be found in our Transparency Report.

Climate in our operations

The LT has delegated responsibility for implementation of our ESG strategy to the Operations Board (OB), which in turn has established a Decarbonisation Steering Committee to drive progress in meeting our Net-Zero targets, aligned to and validated by SBTi.

Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Governance (continued)

Climate in our operations (continued)

The Firm's Decarbonisation Programme is a Top 10 programme sponsored by our OB and therefore is visible at the most senior levels of the Firm. The Decarbonisation Steering Committee, led by our Finance Partner and attended by our Senior Partner, meets monthly and reports to the OB at least six-monthly on progress against agreed objectives. It reports to the LT and PC at least once a year.

You can find out more about our progress validating and delivering against our science-based Net-Zero targets in both our annual Environment Report and Culture & Impact Report.

To support our progress on climate risk and opportunity, we established a working group as a sub-group of the Quality & Risk (Q&R) Executive - the Climate Risk Working Group (CRWG). This group meets quarterly to ensure we deliver on the actions outlined in this report. This group brings together representation from Quality and Risk, Finance, Business and Operations.

Delivery of our climate strategy, including setting and making progress against our targets, management of risk, collection of data and reporting and delivery of our learning and development programme sits with our Sustainability and ESG Team, led by our director-level Sustainability and ESG Leader. This role reports to our Finance Partner and sits on the Sustainability and ESG Board and the CRWG.

Climate in our international network

BDO UK LLP is a UK registered independent legal entity but part of a global network of firms with group-level coordination. In pursuit of Net-Zero, BDO Global has implemented a Net-Zero Policy, which from 2024, required every network firm to measure their carbon footprint and submit targets to SBTi for validation.

We therefore report on climate risk at both global and national level. This report outlines our actions as BDO UK LLP. While we operate as a UK entity, we use our membership of the global network to drive action and change on climate risk.

We were the first network firm to set science-based targets with a supplier engagement target to meet by 2027. Given that more than 20% of our annual purchased goods and services spend is with our network firms, this is an important group to influence. We hold membership positions on global bodies and governance boards such as the Global Sustainability Board.

Climate in our market offering

In FY23, we established our Sustainability and ESG Advisory Hub which is responsible for developing our commercial and go-to-market strategies on climate and environmental matters across our business streams. The Sustainability and ESG Advisory Hub reports into the Advisory Stream Executive which, in turn, reports to the LT.

Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Governance (continued)

Governance bodies

Body	Chair	Meeting frequency	Role	Reports to
Partnership Council	Matthew White, Senior Partner	Monthly	Oversight	n/a
Leadership Team	Paul Eagland, Managing Partner	At least monthly	Executive	Partnership Council
Audit Committee	Arbinder Chatwal, Partner	Quarterly	Independent oversight	Partnership Council
Business Interest and Oversight Board	Matthew White, Senior Partner	Bi-monthly	Independent oversight	Partnership Council
Operations Board	Andrew Butterworth, COO	Monthly	Executive	Leadership Team
Quality and Risk Executive	Kaley Crossthwaite, Head of QRM	Monthly	Risk management	Leadership Team
Decarbonisation Steering Committee	Stuart Collins, Finance Partner	Monthly	Executive	Operations Board
Climate Risk Working Group	Michelle Carroll, Partner	Quarterly	Risk management	Quality and Risk Executive
Sustainability and ESG Board	Matthew White, Senior Partner, Nicola Lally, Partner	Monthly	Advisory	Partnership Council, Leadership Team

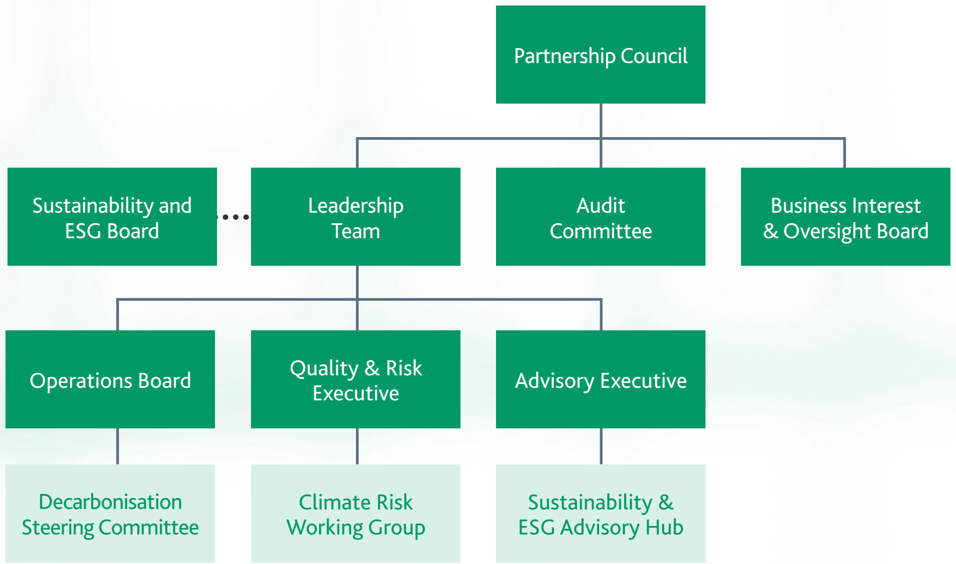
Details of our full governance structure can be found in the governance section of our Transparency Report.

Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Governance (continued)

Governance structure



Strategy

Our go-to-market strategy

BDO has responded to the scale of disruption that businesses will face across all dimensions of sustainability, including the most pressing climate-related risks and opportunities, by establishing a suite of sustainability and ESG advisory services for our clients. A central 'Hub' of 14 multidisciplinary experts has been recruited since 2023, tasked with establishing and incubating pan-advisory ESG propositions. The go-to-market (GTM) strategy is based on integrating sustainability-thinking across all advisory business units, since we believe the complex and inter-connected issues are best understood by business leaders when sustainability and ESG is contextualised. We have deliberately avoided the creation of an ESG silo, and this has been central to our GTM strategy.

We have invested in our impact with clients by resourcing ten ESG advisory services in the first tranche:

- Strategy consulting - advising clients on the creation of an over-arching, comprehensive and coherent sustainability and ESG strategy that supports core business objectives through a logical six step process of analysis and action. This links all BDO's ESG advisory services
- Carbon advisory - greenhouse gas accounting, modelling and analysis and climate consultancy and advice relating to decarbonisation, climate-related risk and net-zero transition
- Sustainable finance - advising clients in the potential use of green and sustainable debt instruments (bonds and loans) as a means of raising capital
- Assurance readiness - conducting pre-assurance readiness reviews to obtain assurance or expanding the coverage of metrics subject to assurance and providing ISAE 3000 and 3410 limited assurance opinions in relation to ESG metrics
- Due diligence and independent business reviews - assesses the sustainability - and ESG-related business risks in the context of M&A transactions and business restructuring
- Corporate reporting - helps clients navigate through, implement and comply with sustainability accounting and reporting frameworks and standards, as well as align periodic reporting to stakeholder value creation imperatives and compliance with applicable regulatory frameworks with those of selected stakeholder groups

Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Strategy (continued)

Our go-to-market strategy (continued)

- Governance – guides leadership teams to create long-term sustainable success through promoting good governance, generating a competitive advantage through implementing ethical decision-making processes and effective compliance frameworks, improving organisational performance and resilience by guiding organisations along culture journeys, and managing sustainability risks to make well-informed strategic and financial planning decisions
- People advisory - providing the necessary strategies to achieve objectives in areas such as organisational culture, leadership alignment, equality, diversity & inclusion (ED&I) and overall human and social capital management
- Supply chain management - enhancing transparency and building trust over supply chain activities, highlighting sustainability blind spots and identifying improvements to build greater resilience into third-party portfolios. Aligning ESG initiatives with the commercial and operational aspects of supply chain management to drive triple bottom line results
- Data Governance, Security & Privacy - developing and implementing strong and robust ESG data security controls – a key material indicator for ESG performance. Includes data transformation & reporting, by automating data capture & ESG reporting. Enhancing data quality, by cleansing ESG data to leverage accurate information for ESG reporting. Providing assurance on ESG data governance frameworks and assisting in the identification of ESG data risks & controls. Ethical AI advisory, by conducting ethical impact assessments to empower diverse and unbiased AI datasets
- We have also invested in the creation of a Sustainability and ESG Academy. This is evolving with three pillars or levels: 1) Foundation, 2) Practitioner (basic and advanced), and 3) Partner/Leader. We are working with third party providers and experts in their fields to provide quality learning and development modules for our colleagues across the firm and, in due course, with tailored modules for our clients.

Strategy (continued)

Net-zero strategy

We continue to find ways to decarbonise our operations and support a wider market transition to Net-Zero. To address our own impacts, we have committed to achieve Net-Zero in the UK by 2050 or sooner. We have had our near and long-term targets validated by the Science-Based Targets Initiative (SBTi). See page 67 for details.

We'll reach these targets by prioritising action in three areas: how we work, how we travel and how we buy. For more information on our environmental performance, progress against targets, and detailed emissions breakdowns, read our Environmental Report.

Key dependencies

Building on the modelling work carried out to set our science-based targets in FY23, this year we have worked to enhance our understanding of the potential of the initiatives we are pursuing in our 'how we work', 'how we travel' and 'how we buy' pillars.

Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Strategy (continued)

Net-zero strategy (continued)

During the year, we worked with our Carbon Advisory team to model credible transition pathways towards meeting our science-based targets. We developed and used an in-house modelling tool, the Net-Zero Initiatives Forecast Modeller ('NZ Informer'), which is designed to analyse transition pathways by forecasting the impact of planned decarbonisation measures against reduction targets. We identified external factors, such as decarbonisation of the UK's electricity grid, societal uptake of electric vehicles and decarbonisation of public transport and consulted publicly available government and industry resources to forecast the impact of these on our future emissions. We then analysed our internal initiatives and held discussions with the internal stakeholders responsible for implementation to gather appropriate data and estimate their future impact. We produced a transition pathway visualising the gap between a 'do nothing' scenario in which we take no action, and a 'do everything' scenario in which all BDO's carbon reduction initiatives are successfully delivered.

This analysis shows that, while our targets are ambitious, they are achievable, recognising some key dependencies:

- collaboration with landlords - and favourable public policy - to ensure renewable energy in our offices
- reduced and lower carbon business travel
- engagement with our supply chain to encourage suppliers to pursue their own decarbonisation pathway
- successful decarbonisation of the UK's electricity, transport, infrastructure and wider economy in line with government forecasts.

Our current targets are based on the market-based rather than location-based approach, which impacts how we measure the carbon intensity of renewable electricity. By reflecting our market-based emissions which allow for our purchase of Renewable Energy Guarantees of Origin (REGO) certificates, our journey to our near-term and long-term science-based targets looks to be readily achievable. However, we understand that measuring our location-based emissions, which relies on the average emissions intensity of the UK electricity grid, remains an important indicator of progress. We are exploring entering into Power Purchase Agreements (PPA) where the link with renewable energy sources is more direct. However, this is a maturing market that does not yet effectively serve consumers with small or moderate amounts of electricity.

Our planning shows how the impact of national policy and wider grid decarbonisation will impact our Net-Zero journey and incorporates an assumed rate of company growth (seen in Graphs 1 and 2).

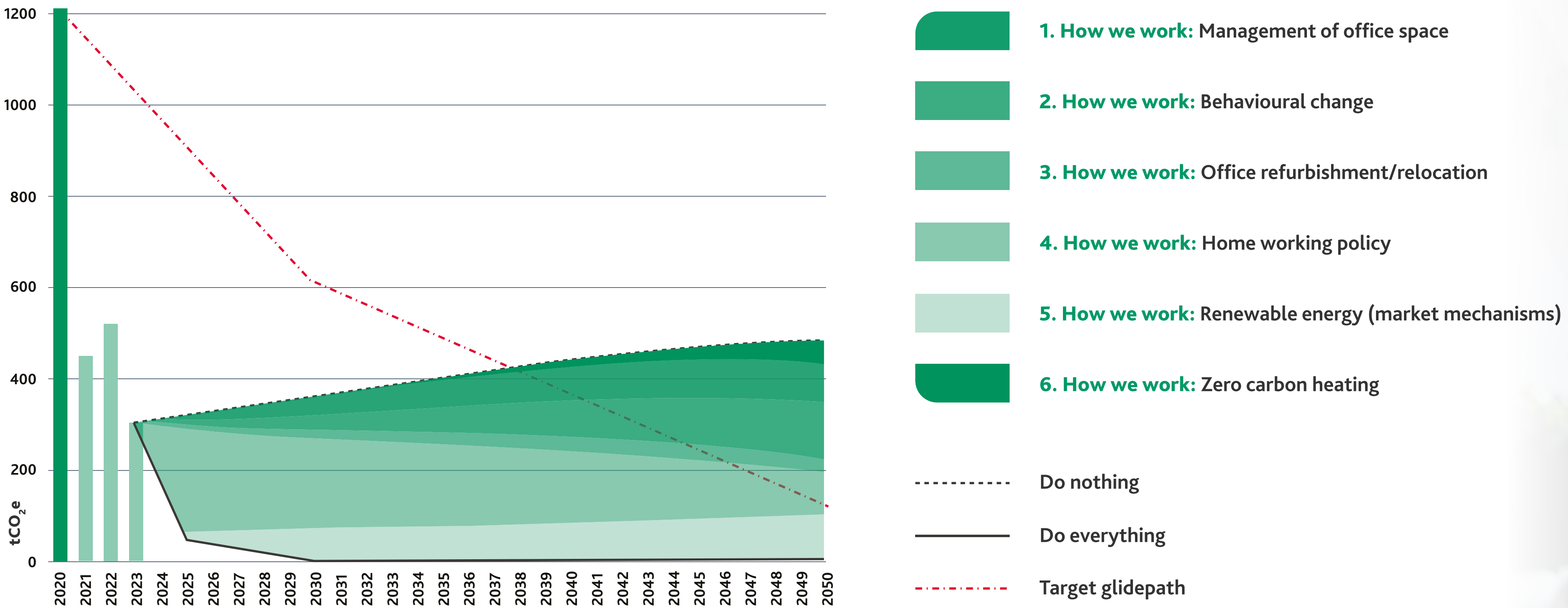
Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Strategy (continued)

Net-zero strategy (continued)

Scope 1 and 2 market-based - *Graph 1*



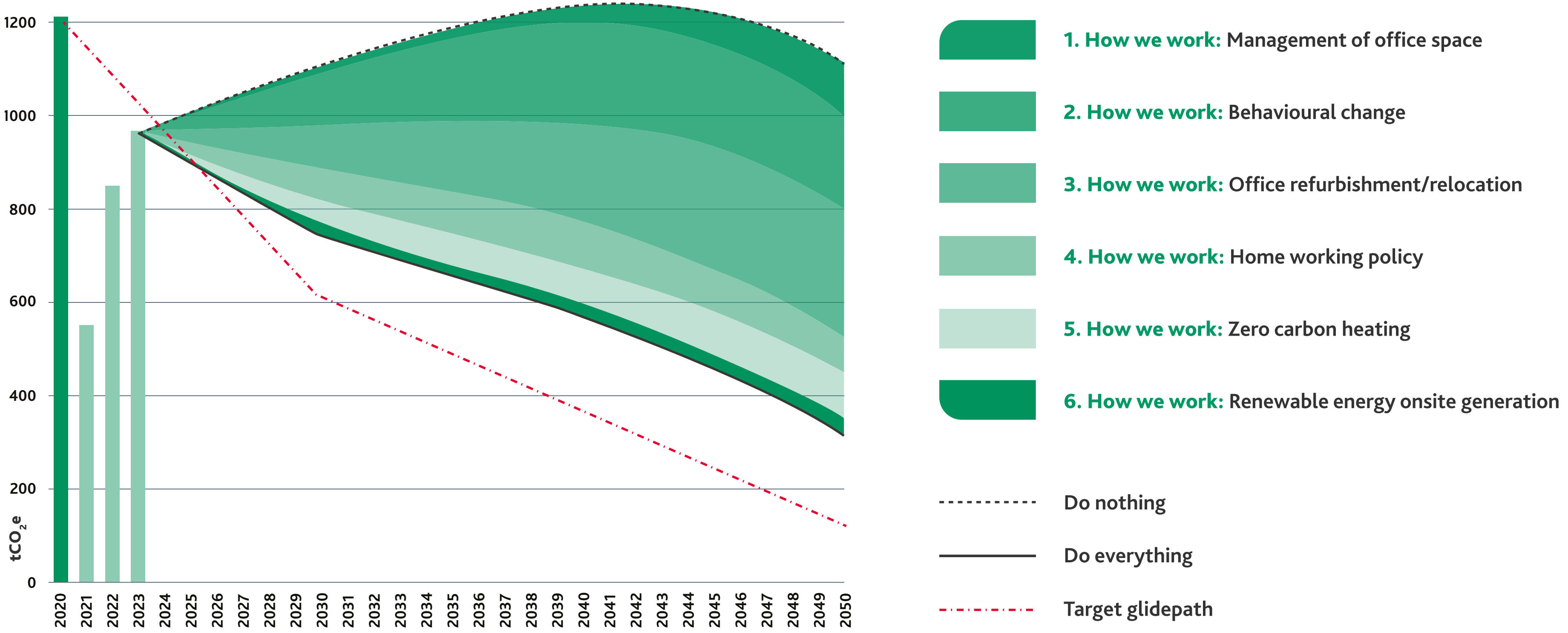
Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Strategy (continued)

Net-zero strategy (continued)

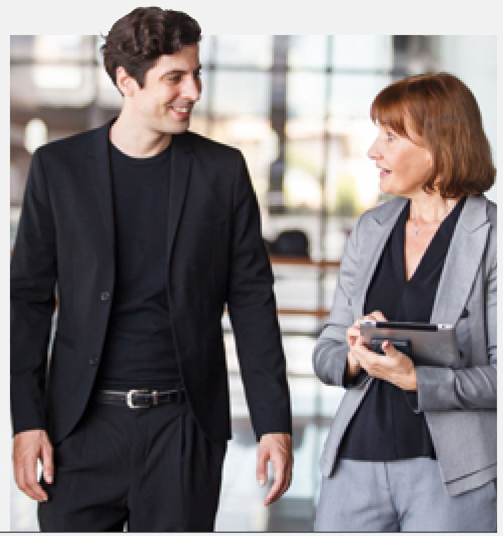
Scope 1 and 2 location-based - *Graph 2*



Planning terms

The planning horizons to address climate risk differ from usual business/operational risks due to the significant time periods involved. When considering climate risks and opportunities, BDO currently uses the following time horizons:

- Short term: two years. Up to 30 June 2026
- Medium term: July 2026 – June 2031
- Long term: July 2031 – June 2050.



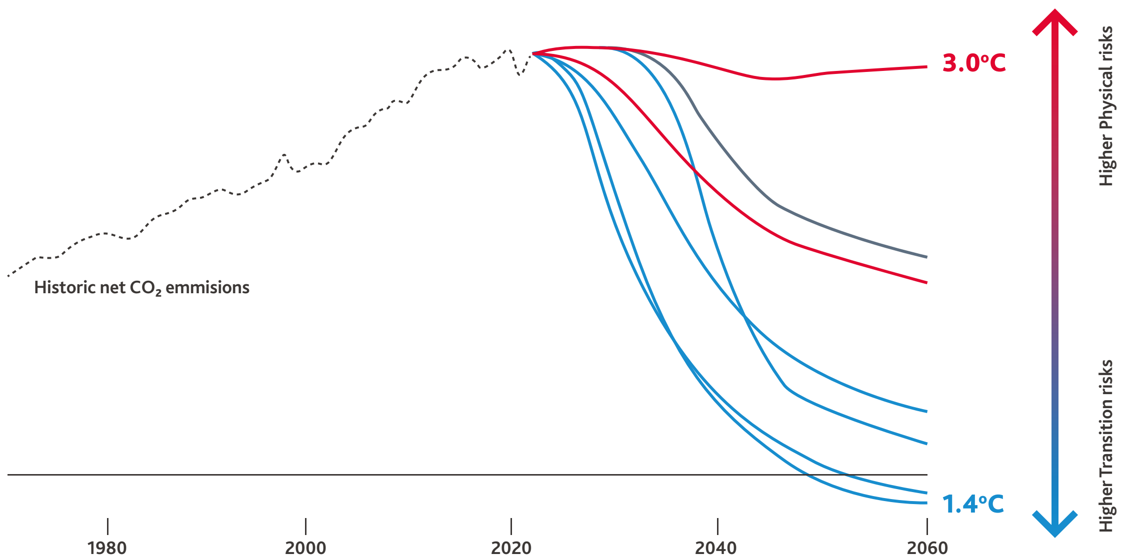
Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Strategy (continued)

Climate modelling and scenario planning / climate forecasting and planning

Global emissions across the different Network for Greening the Financial System (NGFS) climate scenarios.



Our scenarios

Last year we conducted a qualitative analysis of the NZ50 and NDCs scenarios. This year we employed the expertise of our Carbon Advisory team to support us with the move from a qualitative to a quantitative approach. We again used the Network for Greening the Financial System (NGFS) for our scenario(s). This year we added a third scenario: the 'Delayed Transition' scenario. We selected this scenario for quantitative analysis because we believe it represents the greatest short and medium-term risk to BDO, due to the relatively high degree of market disruption compared to the other scenarios. The NGFS scenarios are available on their website: https://www.ngfs.net/ngfs-scenarios-portal/.

The Delayed Transition scenario:

This scenario assumes new climate policies are not introduced until 2030 and the level of action differs across countries and regions based on currently implemented policies, leading to a "fossil recovery" out of the economic crisis brought about by COVID-19. It assumes the availability of carbon dioxide removal (CDR) technologies is low, pushing carbon prices higher than in Net-Zero 2050. As a result, emissions exceed the carbon budget temporarily and decline more rapidly than in a Well-below 2°C scenario after 2030 to ensure a 67% chance of limiting global warming to below 2°C. This leads to both higher transition and physical risks than the Net-Zero by 2050 and Below 2°C scenarios.

Our methodology

Step 1. Risk review and definition: we reviewed the climate-related risks and opportunities and classified these according to the type of financial impact (e.g. change in revenues, change in expenditure, change in asset values). We grouped the risks and opportunities according to the type of financial impact and source of the risk/opportunity and identified a key evaluation metric (e.g. profits from new climate-related services, energy costs) for each risk/opportunity. We defined financial impact as the difference, in Pound Sterling (£), between the forecast value of the key evaluation metric under the 'factual' (the climate scenario) versus the 'counter-factual' (a future absent of any change, relative to FY23, other than an assumed base rate of company growth).

Step 2. Data gathering: we collated key evaluation metrics and supporting data to inform our assessment of impact for the base year (FY23 the latest year of complete data). This included revenue breakdowns, staff numbers by office location, office flood risk information, average staff leaver/joiner rates, and energy and insurance costs.

Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Strategy(continued)

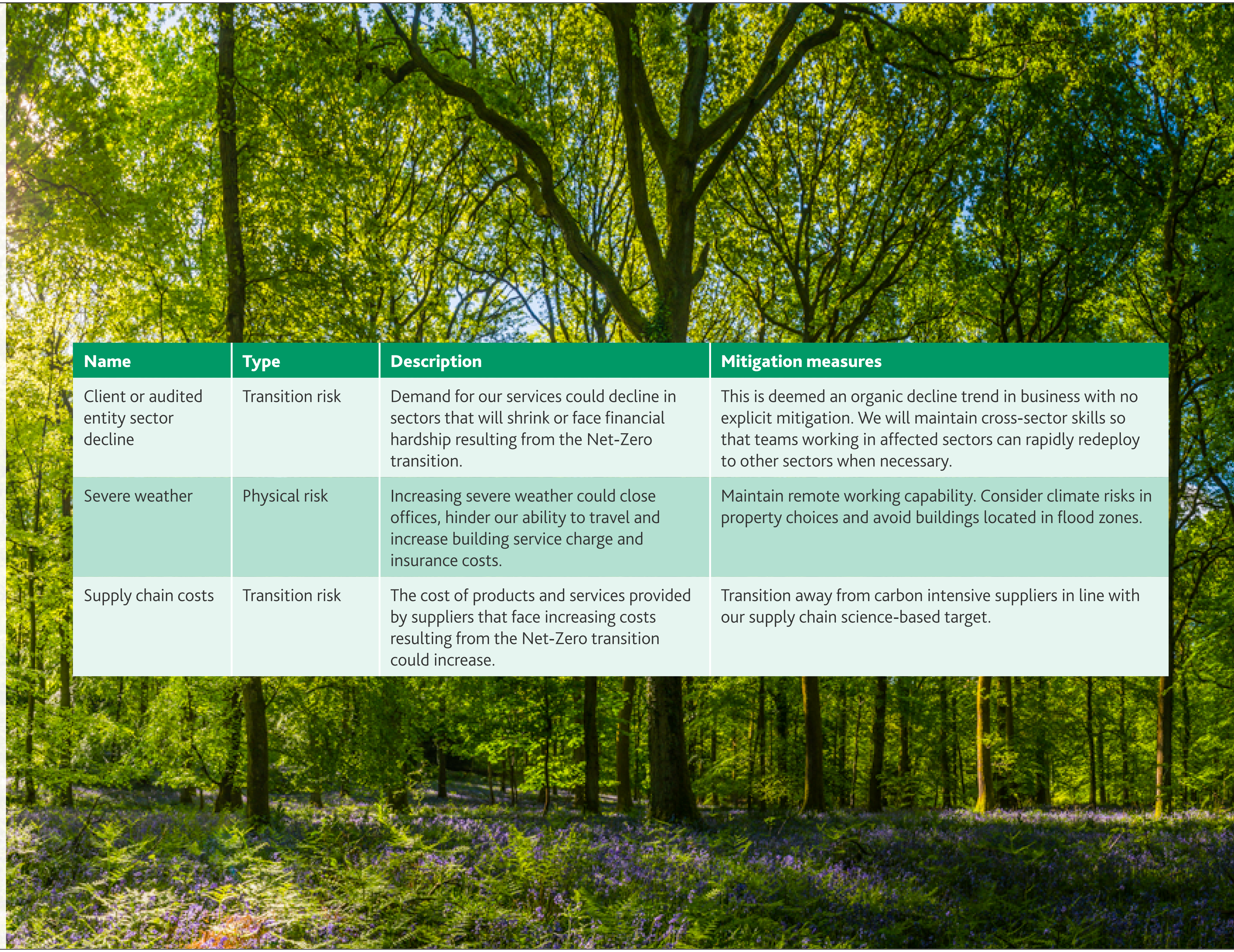
Climate modelling and scenario planning / climate forecasting and planning(continued)

Step 3. Insights and analysis: we ran several workshops inviting a wide range of leaders and experts with particular insights on 1) client and audited entity demand 2) physical risk and 3) brand impact. We created a probability distribution for each risk/opportunity based on the workshop outputs and built a stochastic statistical model to assess the combined financial impacts. We considered interdependencies between risks and opportunities and built these into the model. We assessed financial impacts over the short, medium and long-term both pre- and post-mitigation.

Step 4. Summarising results: we were then able to express financial impacts as ranges using probability distribution curves. This helped us to understand and convey the level of uncertainty inherent in the analysis, noting that the uncertainty is greatest in the long term. We were able to assess the reduction in financial impact resulting from 'mitigation measures', i.e. the actions and initiatives we are taking and plan to take to reduce the risks and realise the opportunities. This will help provide the evidence to support the case for action, as well as communicate the robustness of the strategy.

Climate-related risks and opportunities

Building on and refining the risks and opportunities qualitatively assessed in FY23, we assessed the financial impact of the following risks and opportunities described in the table across.



Name	Type	Description	Mitigation measures
Client or audited entity sector decline	Transition risk	Demand for our services could decline in sectors that will shrink or face financial hardship resulting from the Net-Zero transition.	This is deemed an organic decline trend in business with no explicit mitigation. We will maintain cross-sector skills so that teams working in affected sectors can rapidly redeploy to other sectors when necessary.
Severe weather	Physical risk	Increasing severe weather could close offices, hinder our ability to travel and increase building service charge and insurance costs.	Maintain remote working capability. Consider climate risks in property choices and avoid buildings located in flood zones.
Supply chain costs	Transition risk	The cost of products and services provided by suppliers that face increasing costs resulting from the Net-Zero transition could increase.	Transition away from carbon intensive suppliers in line with our supply chain science-based target.

Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Name	Type	Description	Mitigation measures
Energy prices	Transition risk	Energy prices could increase resulting from carbon taxation affecting fossil fuels.	Transition from gas to electricity. Transition electricity to sources that are resilient to energy price shocks and carbon taxation, seeking renewables and power purchase agreements when/where available.
Our climate credentials	Transition risk and opportunity	We could lose or gain market share and talent depending on the strength of our climate credentials, including the downstream impact of our work, as societal and market expectations on business' climate action increase.	Implementation and communication of a market-leading transition plan. De-risking our client/audited entity portfolio through our take-on procedures.
Client or audited entity sector growth	Transition opportunity	Demand for our services could increase in sectors that will grow as part of the Net-Zero transition.	This is deemed an organic growth trend in business with no explicit mitigation. We will maintain agility to redeploy teams towards growth sectors. Build on strong relationships within Greentech, renewables and start-up sectors.
Energy efficiency	Transition opportunity	Reducing our energy demand could reduce our energy costs.	Seek energy efficient buildings.Implement efficiency measures such as reducing our office footprint, behaviour change, insulation, automated building energy management systems and on-site renewables.
Growth of new services	Transition opportunity	Demand for our climate-related services could grow, driven by regulation and consumer/market expectations related to our clients' climate action.	Build climate-related skills and capacity across the firm, including in carbon advisory, corporate reporting, assurance, due diligence, sustainable finance, digital, audit and tax service lines.

Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Strategy(continued)

Climate modelling and scenario planning / climate forecasting and planning(continued)

Financial impacts

The most significant contributor to the financial impacts arises from the transition risk and opportunities of our climate credentials as described above. Our ability to develop climate related services and to attract and retain clients and audited entities as part of their upstream carbon footprint is likely to be dependent on our demonstrating strong credentials in managing the environmental impact of our own business and the quality and value of the advice we provide. The financial impacts are shown in the following table and graphs. Note that the impacts, as we have calculated them, are additive to an assumed base rate of growth of 10% year-on-year.

		Min (£m)	Median (£m)	Max (£m)	Inter-quartile range (£m)
Short-term FY25-26	Pre-mitigation	-17	-9	-1	-11 to -7
	Post-mitigation	-11	+0.5	+11	-2 to +3
Medium-term FY27-31	Pre-mitigation	-83	-47	-5	-56 to -37
	Post-mitigation	-35	-5	+27	-13 to +2
Long-term FY32-50	Pre-mitigation	-818	-652	-5	-706 to -510
	Post-mitigation	-240	+46	+270	-26 to +100

Notes: financial impact figures are the average annual impact over the relevant time period. Negative values represent risk, positive values represent opportunity.

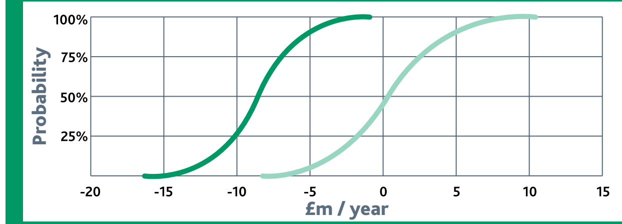
Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Strategy (continued)

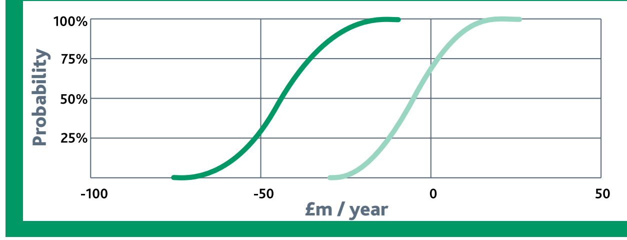
Climate modelling and scenario planning / climate forecasting and planning (continued)

Combined financial impact cumulative probability distributions — Pre-mitigation — Post-mitigation



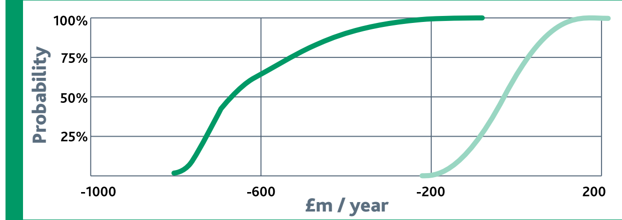
Over the short-term, there is a pre-mitigation risk of up to 7% of projected profit per year. However, our mitigation measures reduce the risk and create an opportunity of up to 5% of projected profit, with the median being an opportunity of 0.2% of projected profit.

The median value of our mitigation measures in the short-term is 4% of projected profit per year.



Over the medium-term, the potential maximum pre-mitigation risk increases to 25% of projected profit per year. After mitigation, there is a maximum opportunity of 8% of projected profit, with the median impact being a risk of 2% of projected profit.

The median value of our mitigation measures in the medium-term is 12% of projected profit per year.



Over the long-term, the potential maximum pre-mitigation risk increases to 65% of projected profit per year. After mitigation, there is a maximum opportunity of 21% of projected profit, with the median impact being an opportunity of 4% of projected profit.

The median value of our mitigation measures in the long-term is 53% of projected profit per year.

The analysis illustrates the importance of our mitigation measures, which over the long-term could protect/create approx. £700m of value, equivalent to 53% of our projected average long-term profit. The potential financial impacts post-mitigation, i.e. after taking account of our transition strategy, are on balance likely to be positive (more opportunity than risk) in the short term, negative in the medium-term, and returning to positive in the long-term.

Over all three time horizons there is a potential for a negative financial impact. However, there is also the potential for an upside, which in the short and long-term is likely to outweigh the risks creating a net opportunity. In this analysis the medium-term presents a net risk, because of significant market disruption in the 2030s under the delayed transition scenario.

Risk management

Identification and assessment of climate risks

The processes for identifying and assessing climate-related risks falls within our Enterprise Risk Management (ERM) Policy and is conducted at a firm level. Our ERM policy establishes a consistent and effective approach to risk management, which is integrated into the culture and activities across the Firm.

BDO ensures the appropriate identification and reporting of ESG risks by these bodies through:

- Appointment of qualified and experienced members to relevant bodies
- Regular and clear channels for the communication of risks via reporting lines to the Operations Board and LT
- Overlap of body membership to ensure a variety of experience and views are present during meetings
- Regular consultation with experts external to BDO
- Regular communication with the Firm's external auditors.

Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Risk management (continued)

Identification and assessment of climate risks (continued)

The Firm maintains a 'Top Risk Register' which currently includes 15 Top Risks. These are reviewed and agreed by the Quality and Risk Executive, combining both top-down and bottom-up perspectives and evidence. The LT identifies and reviews, at least annually, this set of top risks which it believes are essential for the Firm to manage to achieve its strategic objectives and maintain its ongoing business operations.

Management of climate risks

The Q&R Executive is responsible for ensuring appropriate strategies and plans are drawn up, implemented, and monitored to ensure the effective management of risks. The Chair of the Q&R Executive (Partner and Head of Quality and Risk) reports monthly to the LT on top risk management progress. The Climate Risk Working Group, set up to better understand and act on climate risks and opportunities, reports to the Q&R Executive.

Metrics and targets

Our net-zero commitment and targets

As noted in the Strategy section, the UK has set science-based targets to reach Net-Zero by 2050 or sooner. These targets were reviewed and validated by the SBTi in August 2023. The SBTi's science-based targets align to the goal of limiting global warming to below 1.5°C.

Near-term net-zero targets

Using the 2019/20 financial year as the base, we are committed to achieving our following targets by 2030:

- Reduce Scope 1&2 GHG emissions by 50%. This is an absolute reduction target measured in tCO_2e
- 80% of our suppliers by emissions (including goods, services, and capital expenditure) will have science-based targets ("SBT") by 2027. This is a supplier engagement target.

Long-term net-zero targets

Our long-term target is to achieve Net-Zero emissions by 2050. The period from 2030 to 2050 aligns with the UK government's ambitions for the wider economy to be Net-Zero. We will:

- Reduce Scope 1&2 GHG emissions by 90%. This is an absolute target
- Reduce Scope 3 GHG emissions by 97%. This is an intensity target based on FTE.

Once we have achieved these reductions, we will invest in high quality removals credits to compensate for hard to abate emissions, in line with current SBTi guidance.

Metrics and measurement

Reporting our progress

We measure, track and verify our performance on climate-related issues, including our scope 1, 2 and 3 targets as follows:

- We report to the Carbon Disclosure Project
- We report on our emissions through UK required reporting including SECR
- Our energy and environment management performance are measured through our ongoing certification to the International Standards Organisation 50001 and 14001.

You can find our SECR-aligned emissions data inventory on page 71 and further detail on our full emissions scopes in our Environmental Report.

Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Metrics and targets (continued)

Metrics and measurement (continued)

External verification of our data

We have engaged our external financial auditors to provide external independent limited assurance for our FY2023-24 scope 1 and 2 GHG emissions inventory. This limited assurance conclusion will be shared on our external website before the end of the 2024 calendar year.

Building greenhouse emissions data quality and confidence in FY24

We have partnered with a leading data systems provider to procure a SaaS ESG data platform to improve our climate and GHG insights, as well as track our wider ESG data. This is part of a BDO Global initiative to report our whole network emissions on an annual basis and comply with our commitments as a member of the Net-Zero Financial Services Providers' Alliance (NZFPA). We will be making this transition in Q2, FY2025.

Decision-useful information

In a collaboration between our ESG and finance reporting teams, we have worked to iterate and develop our data insights so they can be shared with our decision-making teams on a regular basis. We currently produce, amongst other data points, monthly updates on business travel, scope 1 and 2 emissions, our suppliers' commitment to science-based targets, and insights relating to our clients' and audited entities expectations of our ESG performance. This information provides detail on our progress with our most significant climate risks and opportunities. It is presented to our Decarbonisation Steering Committee and made available to our OB and Operations Leaders Group.

Engaging our value chain in our decarbonisation journey

The procurement of goods and services is the single largest emissions category in our carbon footprint. Around 90% of our emissions come from our value chain (scope 3), which is common for a professional services firm.

Our current methodology relies on procurement spend and average carbon intensity data based on sector. We are working towards a more accurate model of supplier-specific emissions data. We will do this by engaging with our suppliers and requesting their emissions data (service specific where possible).

A big focus for last year was ensuring we had the appropriate due diligence in place to collate our scope 3 data. We spent time understanding our top strategic suppliers' ambitions around Net-Zero and gathering data to support our target. We have begun tracking our top suppliers' commitments and will be engaging with those who have not yet started on their journey – offering resources and consultations to support their progress.

In addition, our suppliers are asked to sign our code of conduct which outlines our expectations of them from an environmental and social impact perspective. For our larger suppliers, we integrate environmental clauses into contracts to ensure necessary progress is being made against commitments and targets. The specific clauses included are dependent on the environmental impact of what is being purchased.

Next year, we look to engage further with our value chain, working closely with suppliers and offering support to those just starting on their Net-Zero journey.

Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Metrics and targets (continued)

Metrics and measurement (continued)

Remuneration and incentivising change

We understand that fairly incentivising those who are in a position to directly drive our climate strategy forwards will be key to delivering the transformation we need. During the year we have carried out a review of our partner performance and objective setting process, with climate risks and opportunities in mind. We believe that there is merit in setting objectives in key areas of executive leadership and operational management and will be able to move to implement this in our upcoming FY25. While not directly linked to financial remuneration, performance against specific objectives will impact overall reward in our complex partnership structure. We will develop this financial link in future years.

Reducing our scope 3 business travel

As part of our commitment to reduce our scope 3 emissions, and meet our long-term decarbonisation targets, our leadership team set a target to reduce our travel emissions by 40% per FTE by 2030. Travel is a key source of emissions that is within the direct control of our partners and employees to manage. Our Carbon Smart Travel Policy is complemented by a carbon travel statement to allow partners to track and measure their own, their team's and their stream-level emissions generated when we visit clients and audited entities or travel for internal meetings, training and conferences. Our internal carbon price on air travel provides a view at the point of booking of the carbon charge associated with a flight. This price is currently set at the cost of our voluntary carbon credits. This is aggregated and allocated to the P&L of the relevant business unit.

Designated members statement

BDO LLP's SECR compliant designated members' statement

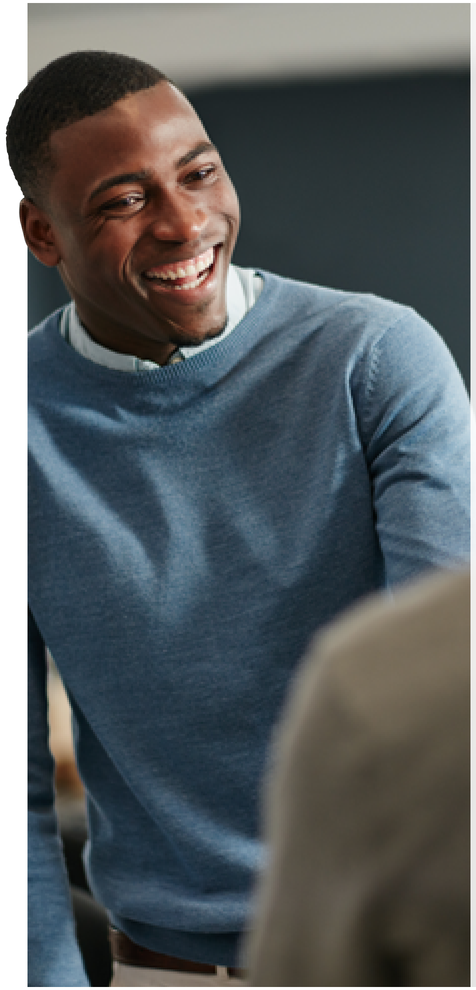
BDO LLP recognises that our global operations have an environmental impact and we are committed to monitoring and reducing our emissions year-on-year. As BDO LLP transforms into an agile working firm, we continue to be committed to reducing our emissions.

2023 - 2024 performance

Our carbon footprint for the 2023/24 reporting year has been calculated based on our environmental impact across scope 1, 2 and 3 (selected categories) emission sources for the UK only. Our emissions are presented on both a location and market basis. On a location basis our emissions are 7,881 tCO_2e, which is an average impact of 0.82 tCO_2e per employee, and on a market basis our emissions are 7,142 tCO_2e. We have calculated emission intensity metrics on an employee basis, which we will monitor to track performance in our subsequent environmental disclosures.

Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)



Designated members statement (continued)

2023 - 2024 performance (continued)

BDO have experienced an overall increase in emissions (location based) of 13% for the 2023/24 reporting year relative to 2022/23, primarily driven by increases in business travel and natural gas consumption. Additionally, the reporting year in 2023/24 was longer than the 2022/23 reporting year by a week, driving some additional increases in emissions during this period. The intensity of tCO_2e per employee however has decreased year-over-year from 0.84 tCO_2e per employee in 2022/23 to 0.82 tCO_2e per employee in 2023/24. Scope specific insights are as follows:

- **Scope 1** – Scope 1 emissions increased from 73 tCO_2e to 94 tCO_2e (29%). This was driven by a 31% increase in natural gas due to a 2022/23 error identified this year, where emissions from three sites were previously missing
- **Scope 2** – Scope 2 saw a 7% decrease from 887 tCO_2e to 824 tCO_2e on a location-based basis. Market-based emissions also decreased 64% from 239 tCO_2e in 2023 to 85 tCO_2e in 2024 as a result of an increased number of renewable energy tariffs implemented over the course of 2023/24
- **Scope 3** – Scope 3 emissions saw a 16% increase, from 6,011 tCO_2e to 6,963 tCO_2e, primarily by an increase in flight emissions.

Energy and carbon action

In the period covered by the report, BDO LLP has undertaken energy saving initiatives by transitioning to renewable electricity tariffs across the business. We have procured renewable tariffs across the offices which BDO has control of utilities. For the sites where the landlord has control of utilities, there has been progress to transition sites to renewable tariffs during the year, however there will be a focus going forward to transition any remaining sites.

BDO LLP plans to achieve further reductions through increasing office efficiency and future supplier engagement.

Travel is a key source of emissions that are within the direct control of our partners and employees to manage. BDO's Carbon Smart Travel Policy is complemented by a carbon travel statement to allow partners to track and measure their own, their team's and their stream-level emissions generated when we visit clients or travel for internal meetings, training and conferences. BDO's internal carbon price on air travel provides a view at the point of booking of the carbon charge associated with a flight. This price is set at the cost of our voluntary carbon credits. This is aggregated and allocated to the balance sheet of each of our three streams.

2023 - 2024 results

The methodology used to calculate the GHG emissions is in accordance with the requirements of the following standards:

- World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol (revised version)
- Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019)
- UK office emissions have been calculated using the Defra 2024 issue of the conversion factor repository.

Following an operational control approach to defining our organisational boundary, our calculated GHG emissions from business activities fall within the reporting period of 1 July 2023 to 5 July 2024 and use a reporting period of 01 July 2022 to 30 June 2023 for comparison.

Energy and carbon report

For the 53 weeks ended 5 July 2024 (continued)

Designated members statement (continued)

Emissions and energy usage

Energy and carbon disclosures for reporting years. Energy usage comprises kWh consumption for natural gas, electricity, company and leased cars and employee cars. All emissions are in tCO_2e.

	Emissions Source	2022 -2023	2023 -2024	Variance
Scope 1	Natural gas	70	92	31%
	Company and leased cars	2	1	-34%
	Refrigerants	1	1	0%
Total Scope 1		**73**	**94**	**29%**
Scope 2	Electricity (Market Based)	239	84	-65%
	Company and leased cars (EVs) (Market Based)	<1	1	174%
	Electricity (Location Based)	887	823	-7%
	Company and leased cars (EVs) (Location Based)	<1	1	174%
Total Scope 2 (Market Based)		**239**	**85**	**-64%**
Total Scope 2 (Location Based)		**887**	**824**	**-7%**
Scope 3	Electricity transmission and distribution	76	73	-4%
	Water	9	10	12%
	Employee cars	357	316	-11%
	Rail	345	390	13%
	International Rail	1	1	0%
	Public Transport	<1	5	2388%
	Couriers	10	8	-16%
	Flights	5,091	6,072	19%
	Paper	14	19	35%
	Waste & Recycling	108	69	-36%
Total Scope 3		**6,011**	**6,963**	**16%**
Total (Market Based)		**6,323**	**7,142**	**13%**
Total (Location Based)		**6,971**	**7,881**	**13%**
Total Energy Usage (kWh)		**6,153,556**	**5,820,051**	**-5%**
Normaliser	tCO_2e per FTE	0.84	0.82	-2%

The figures disclosed in the above table do not impact the financial statements on pages 13 to 51.

FOR MORE INFORMATION:

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JOB NUMBER: 3965