



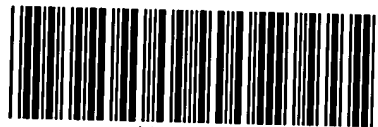
UK Members' Report and Financial Statements 2025

KPMG LLP

In respect of the year ended
30 September 2025

Registered number OC301540

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Report to the members

The Board submits its report together with the audited consolidated financial statements of KPMG LLP and its subsidiary undertakings (the 'UK group') for the year ended 30 September 2025.

Legal structure

KPMG LLP (the 'partnership') is incorporated in the UK as a limited liability partnership under the Limited Liability Partnerships Act 2000.

KPMG LLP is the UK member firm of the KPMG global organisation of independent member firms affiliated with KPMG International. All member firms are committed to following common standards in the provision of services for clients and to maintaining the highest levels of independence and integrity.

KPMG LLP was wholly owned by its individual members until 1 October 2024 when KPMG LLP and the KPMG International member firm in Switzerland merged their previously independent practices. In order to effect the merger, control over KPMG LLP was passed to a new limited liability partnership, KPMG Holding LLP. The individual members of KPMG LLP became members of KPMG Holding LLP and KPMG Holding LLP became a member of KPMG LLP and the UK group's ultimate controlling party.

The partnership's registered office is 15 Canada Square, Canary Wharf, London, E14 5GL.

Principal activities

The principal activities of the UK group are the provision of professional services, notably audit, tax and legal and advisory. The UK group operates primarily through the partnership and its subsidiary undertakings, predominantly in the UK but also has operations in other countries as client contracts require (see note 26).

Governance

During the year ended 30 September 2025, the governance structure of the partnership comprised:

- The Board (the 'Board'): the governance body of the UK group, responsible for overseeing the stewardship, accountability, and leadership, providing clear-sighted counsel on the strategic direction of the partnership and alignment to the strategy of the KPMG Holding LLP group.
- The Executive Committee: responsible for executing the board-approved strategy for the partnership.

Both the Board and Executive Committee are supported by various sub-committees; full details of the governance structures, including changes in the year, as well as the composition and responsibilities of the Board, Executive Committee, and sub-committees can be found on KPMG's website and in KPMG LLP's separately published Transparency Report.

Designated members

The designated members (as defined in the Limited Liability Partnerships Act 2000) of the partnership during the year were:

- Jonathan Matthew Holt
- Christopher Robert Hearld
- Catherine Emma Burnet
- Edward Neil Barnicoat

Individual members' capital

The UK group is financed through a combination of individual members' capital, undistributed profits and borrowing facilities. Individual members' capital is provided to KPMG LLP by each individual member on becoming a partner and, as set out in note 21, is only repayable on retirement or resignation so generally remains stable from year to year.

Individual members' drawings and profit shares

During the year, individual members receive monthly drawings and, from time to time, additional profit share distributions. The level and timing of the additional distributions are decided by the Executive Committee and approved by the Board, aligning with the KPMG Holding LLP group (the 'group') distribution policy and taking into account the UK group's cash requirements for operating and investing activities.

The remuneration model is designed to drive and reward behaviours consistent with our strategy and values, reflect an individual's medium-term value as well as current year performance against their goals. It also promotes clarity and transparency amongst individual members regarding their own remuneration and that of other individual members. A member's remuneration generally comprises two elements as described below based on target unit pay. The allocation of target units is communicated to individual members in December each year and is determined in relation to an individual's medium-term value to the UK group.

Each member's unit allocation is determined with quality as the primary factor and with other factors such as past performance, market value of skill set, individual capability, leadership qualities and overall contribution to the group taken into account.

The profit allocated to members is distributed as follows:

- Base Unit Pay – each individual member will receive 75% of their target units;
- Bonus Unit Pay – each member will receive a multiplier (which could be less than 1) of their remaining 25% bonus units based on their relative in-year performance against their performance metrics.

These elements account for the majority of the total profit allocated to individual members. An element is also allocated to those individual members who retired in the year, and who received an additional profit share in line with the partnership agreement. A deduction is made from the total pay for any individual members if their behaviour, quality or performance has fallen below the levels expected by the Executive Committee and Board, as indicated by adverse Quality and Risk metrics.

Report to the members

Continued

Financial performance during the year

Revenue grew by 1% year on year, to £3,021 million (2024: £2,990 million). Good growth in both Audit and Tax & Legal was offset by a decline in Advisory revenue as market conditions continued to be challenging. Having already anticipated the likely market challenges during the prior financial year, the UK group maintained good control of costs, reducing the use of contractors and limiting recruitment to those areas exhibiting strong growth. Consequently, profit for the financial year before members' profit shares increased to £474 million (2024: £390 million).

See note 4 for reconciliation between internal measures of capability performance (net sales) and UK group revenue for the financial year.

Financial position at the end of the year

The financial position of the UK group and partnership remains strong. As set out on page 3, operations are generally financed by individual members' capital and other members' interests, which together totalled £669 million at 30 September 2025 (2024: £638 million) for the UK group and £592 million (2024: £558 million) for the partnership.

The main current assets of the UK group are trade receivables and contract assets, both of which are monitored across the business. The prompt rendering of fees for work done and collection of the resulting receivables are important aspects of the monitoring of financial risks within the UK group. These assets totalled £1,176 million (2024: £981 million) for the UK group and £1,104 million (2024: £927 million) for the partnership. Following migration to a new accounting system in April 2025, both trade receivables and contract assets increased whilst new processes and systems were embedded across the UK group. However, these current assets are now returning to pre-migration levels.

Going concern

Following KPMG Holding LLP becoming the UK group's ultimate controlling party to facilitate the merger of KPMG LLP and the KPMG member firm in Switzerland, the going concern assessment has been performed at a KPMG Holding LLP group level, with a letter of support provided to the UK group.

The group has access to considerable financial resources, namely individual members' capital, undistributed profits and borrowing facilities. This funding, together with well-established relationships with many clients and suppliers across different geographic areas and industries, leaves the group well placed to manage the financial impact of its business risks.

Forecasts have been prepared for the group reflecting the group's financial plan through to 30 September 2027 and covering the going concern assessment period of 18 months from the date of approval of these financial statements. An 18-month going concern assessment period has been selected to cover the approval of subsidiary financial statements and as a matter of good liquidity management. Given the absence of any re-financing requirements until December 2027, an 18-month assessment period is considered appropriate.

The group forecasts reflect three scenarios:

- Base – demand for the group's services grows through the 2026 and 2027 financial year and lock up reflects past experience;
- Downside – revenue growth is lower than in the Base and lock up deteriorates compared with past experience;
- Plausible but severe – reduction in revenue and further deterioration in lock up.

These forecasts demonstrate that even under the plausible but severe case, the group is forecast to operate comfortably within borrowing facilities, meeting covenants throughout the forecast period without reliance on liquidity enhancing measures. Should the impact of economic uncertainty worsen even beyond the plausible but severe case, the group has mitigating actions readily available, including (but not limited to) reducing discretionary spend, adjusting recruitment plans and postponing partner distributions.

At 30 September 2025, the UK group had cash balances of £67 million (2024: £201 million) and undrawn bank facilities of £360 million (2024: £385 million). In addition to bank facilities, the UK group also has access to a short-term borrowing arrangement with its fellow subsidiary in Switzerland. This level of cash and committed, undrawn funding provides strong financial resilience through continued disruption caused by any economic factors and allows the group to actively pursue, respond to and invest in opportunities in line with the group's financial plan. Full details of the borrowing facilities are set out in note 16.

The UK group's objectives, policies and processes to address risks arising from the UK group's use of financial instruments, in particular its exposure to market, credit and liquidity risks are set out in note 22.

Having considered the group's forecasts and the wider business risks faced by the group, (as set out in the separately published Transparency Reports of KPMG UK and KPMG Switzerland) including known events and conditions that may arise beyond the forecast period, the Board has a reasonable expectation that the UK group has adequate resources to continue in operational existence for the going concern assessment period, being 18 months from the date of approval of these financial statements. Accordingly, the Board continues to adopt the going concern basis in preparing this report and financial statements.

Economic environment

The economic outlook both in the UK and more widely across the globe remains uncertain with the ongoing impact of inflation, fluctuations in the level of business confidence and investment and broader geographical and geopolitical uncertainty.

However, the UK group operates across a wide range of sectors and markets providing resilience within the business model. The UK group has a strong statement of financial position and this supports the ability to invest in markets, technologies and people, to provide growth opportunities even in this uncertain market.

Report to the members

Continued

Environmental and sustainability

We believe that sustainable growth is the only way to build a successful business and have a lasting impact on the world. The UK group recognises the importance of its environmental responsibilities and has policies and initiatives in place designed to minimise the negative impact of the UK group on the environment.

Our published Impact Plan brings together all of the UK group's Environmental, Social and Governance (ESG) commitments and information about the progress we are making against these.

Climate related financial disclosures, including those relating to energy and carbon reporting, are available in the separately published KPMG Holding LLP group FY25 financial statements.

Statement of members' responsibilities in respect of the report to the members and the financial statements

The members are responsible for preparing the report to the members and the UK group and partnership financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) require the members to prepare the UK group and partnership financial statements for each financial year. Under that law the members have elected to prepare both the UK group and partnership financial statements in accordance with UK-adopted International Accounting Standards (adopted IFRSs).

Under Regulation 8 of the 2008 Regulations 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 UK group and partnership and of the profit or loss of the UK group for that period.

In preparing each of the UK group and partnership financial statements, the members are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether applicable adopted IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the UK group and partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the UK group or the partnership or to cease operation or have no realistic alternative but to do so.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the UK group and partnership's transactions and disclose with reasonable accuracy at any time the financial position of the UK group and partnership and enable them to ensure that their financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations). They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the UK group and partnership and to prevent and detect fraud and other irregularities.

Disclosure of information to the auditor

The Board members who held office at the date of approval of these financial statements confirm that, so far as they are each aware, there is no relevant audit information of which the UK group's auditor is unaware; each Board member has taken all the steps that he ought to have taken to make themselves aware of any relevant audit information and to establish that the UK group's auditor is aware of that information.

Auditor

In accordance with Section 485 of the Companies Act 2006, the independent auditor, Grant Thornton UK LLP, will be proposed for re-appointment.

Independent auditor's report to the members of KPMG LLP

Opinion

We have audited the financial statements of KPMG LLP (the 'limited liability partnership') and its subsidiaries (the 'UK group') for the year ended 30 September 2025, which comprise the consolidated income statement, the consolidated statement of comprehensive income, the statements of financial position, the statements of changes in equity, the statements of cash flows and the notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the limited liability partnership financial statements, as applied in accordance with the provisions of the Companies Act 2006, as applied to limited liability partnerships.

In our opinion:

- the financial statements give a true and fair view of the state of the UK group's and of the limited liability partnership's affairs as at 30 September 2025 and of the UK group's profit for the year then ended;
- the UK group's financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the limited liability partnership financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006, as applied to limited liability partnerships; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the UK group and the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report to the members of KPMG LLP

Continued

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the UK group's and the limited liability partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the UK group or the limited liability partnership to cease to continue as a going concern.

Forecasts are prepared at a group level for KPMG Holding LLP (ultimate parent entity). KPMG Holding LLP provides a letter of support to KPMG LLP and its subsidiaries.

We evaluated the members' assessment of KPMG Holding LLP's ability to continue to adopt the going concern basis of accounting and therefore continue to provide support to KPMG LLP and its subsidiaries. This assessment included:

- understanding the design and implementation of controls around management's assessment of going concern;
- discussions with management regarding their assessment of the group's and limited liability partnership's ability to continue as a going concern;
- making use of our internal modelling specialists to evaluate the integrity and mathematical accuracy of the going concern model, associated scenario analysis and covenant calculations;
- assessing the reasonableness of management's projected cashflow and working capital assumptions and evaluating the revenue and cost projections underlying management's cashflow model, including an assessment of whether the assumptions of the UK group have been appropriately considered;
- assessing the accuracy of management's historic forecasting by comparing management's forecasts for the years ended 30 September 2025 and 30 September 2024 to the actual results for those periods and considering the impact on the base-case cashflow forecast;
- assessing how these cash flow forecasts were compiled and assessing their appropriateness by applying relevant sensitivities to the underlying assumptions, and challenging those assumptions and mitigations applied;
- considering the post year end performance compared to the budgeted forecasts;
- evaluating management's plausible but severe model to identify the scenario which would result in a significant reduction of the cash headroom during the assessment period and assessing the probability of such a scenario;
- obtaining a letter of support from KPMG Holding LLP to KPMG LLP and its subsidiaries; and
- assessing the adequacy of related disclosures within the UK members' report and financial statements.

In our evaluation of the members' conclusions, we considered the inherent risks associated with the group's and the limited liability partnership's business model including effects arising from macro-economic uncertainties such as inflationary pressures and the broader economic conditions affecting confidence and financial markets. We assessed and challenged the reasonableness of estimates made by the members and the related disclosures and analysed how those risks might affect the UK group's and the limited liability partnership's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

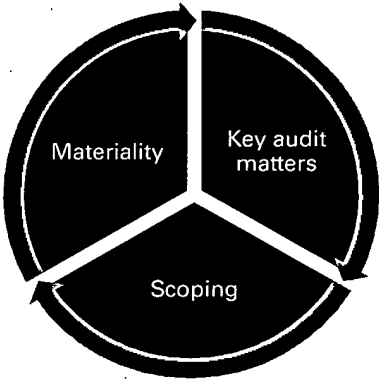
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the UK group's and the limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent auditor's report to the members of KPMG LLP

Continued

Our approach to the audit

 Grant Thornton 	Overview of our audit approach Overall materiality: UK group: £20.5 million, which represents approximately 5% of the UK group's profit before taxation and members' profit share. Limited Liability Partnership: £19.3 million, which represents 5% of the limited liability partnership's profit before taxation and members' profit share capped at approximately 95% of UK group materiality. Key audit matters were identified as: — Revenue recognition includes the risk of fraud and error (same as previous year); and — New system implementation and data migration. Our auditor's report for the year ended 30 September 2024 included two key audit matters that have not been reported as key audit matters in our current year's report. These refer to defined benefit scheme obligations and professional claims and regulatory matters. A Key Audit Matter (KAM) is defined as 'those matters that, in the auditor's professional judgement were of most significance in the audit of the financial statements for the current period'. These KAMs did not meet this definition in the current year and, therefore, have not been included in our current year's report. We performed a full scope audit of the financial statements of the limited liability partnership, which represents 93% of the UK group's revenue, 88% of total assets and 90% of profit before taxation and member's profit share. We completed specified or analytical audit procedures on the financial information of all other UK group components, other than for one component for which specific audit procedures on the financial information was completed by a component auditor. Our audit approach was consistent with previous years.
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Independent auditor's report to the members of KPMG LLP

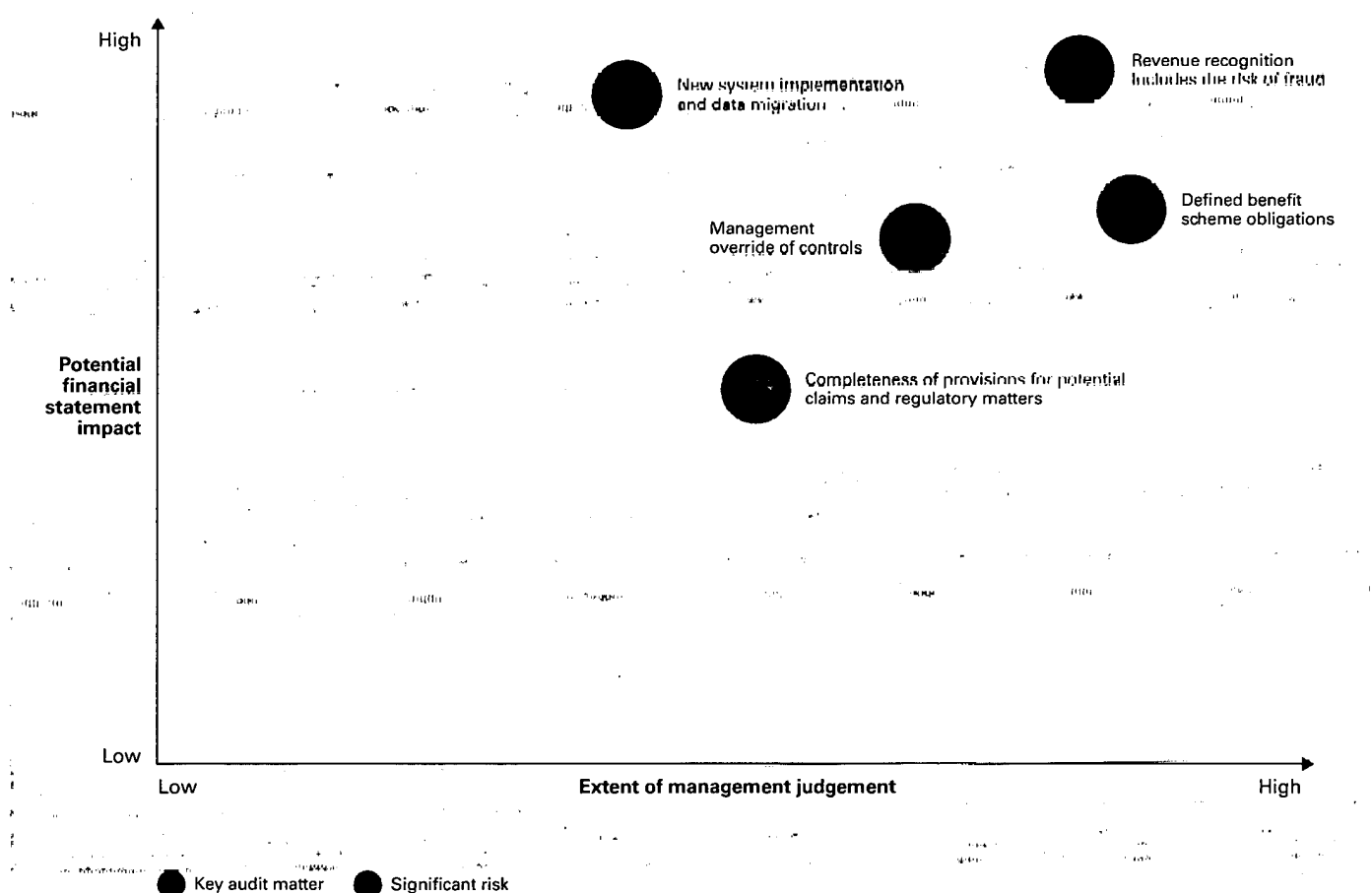
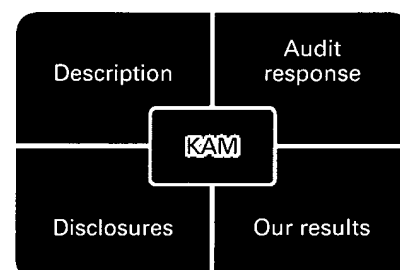
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Key Audit Matters

The limited liability partnership's members have requested us to expand our auditor's report to report under ISA (UK) 701 'Communicating Key Audit Matters in the Independent Auditor's Report'. This involves communicating to the members key audit matters together with other audit planning and scoping matters.

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

In the graph below, we have presented the key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.



Independent auditor's report to the members of KPMG LLP

Continued

Key Audit Matters (continued)

Key Audit Matter – UK group and limited liability partnership

Revenue recognition includes the risk of fraud

We identified revenue recognition includes the risk of fraud and error as one of the most significant assessed risks of material misstatement.

The UK group's revenue amounted to £3,021 million (2024: £2,990 million).

The majority of the UK group's revenue is derived from contracts where the consideration is based on time and materials. For these contracts, the UK group satisfies performance obligations over time and revenue is recognised in proportion to cost incurred relative to total expected cost required to complete the satisfaction of that performance obligation.

In determining the timing of revenue to be recognised in accordance with IFRS 15 'Revenue from Contracts with Customers' each individual engagement team estimates the stage of completion and the right to consideration at the year-end for each contract. The level of judgement and estimation required is higher for certain significant contracts that meet specific risks or characteristics contingent on their size and complexity. These contracts, which include those open at year-end and residing within contract assets and liabilities, are more susceptible to material misstatement. Revenue recognised on these contracts amounted to £164.5 million. We therefore identified this population of engagements as an area of significant assessed risk of material misstatement.

In addition, the UK group's migration to a new accounting system during the year introduced new functionalities and revised processes for recognising revenue. These contracts require judgement in assessing progress, estimating costs to complete, and determining the appropriate revenue profile. As the system was operational for only part of the year and engagement teams adopted new methods for recording revenue and contract positions, the first-year implementation presented an elevated risk of error arising from unfamiliarity with revised processes.

Relevant disclosures in the UK Members' Report and Financial Statements 2025

- Note 2, Accounting policies (Revenue)
- Note 3, Accounting estimates and judgements (revenue)
- Note 4, Revenue

How our scope addressed the matter – UK group and limited liability partnership

In responding to the key audit matter, we performed the following audit procedures:

- gained an understanding of the processes and relevant controls implemented by management to identify, measure and recognise revenue and assessed the design and operating effectiveness of these controls;
- assessed the accounting policies and practices relating to revenue recognition employed by management to ensure compliance with IFRS 15;
- for a selection of significant contracts where we identified specific risks or characteristics, discussed, challenged and corroborated the estimates applied by client engagement and management teams in determining the level of revenue recognised in the consolidated income statement and the related contract assets and liabilities within the UK group and limited liability partnership statements of financial position;
- obtained an understanding of management's year-end review process, including how the UK group assessed revenue recognised across service lines, following the transition to the new system, and evaluated whether the design of these reviews appropriately addressed the identified risks;
- evaluated the operation of the year-end review sign-off process, which requires engagement leaders to confirm the accuracy of revenue and contract balances. Our procedures covered the full population of sign-offs, with additional focus on cases where revisions or changes had been made during the review process, assessing whether these were supported and appropriately reflected in the financial statements;
- performed detailed tests on adjustments identified through management's year-end reviews and carried out analytical procedures over revenue recognised during the year, including benchmarking against expectations and prior periods, analysis of performance metrics, and investigation of significant or unusual fluctuations; and
- extended our substantive procedures over the completeness and reasonableness of year-end revenue estimates, including consideration of information arising after the reporting date across a wider portfolio. This included assessing significant movements in revenue, cost estimates, or contract positions post year-end to evaluate whether year-end judgements remained appropriate.

Our results

Our audit testing did not identify any significant deficiencies in the revenue recognition accounting policies and we did not identify a material misstatement in revenue recognition.

Overall, our assessment is that the estimates applied in determining the level of revenue resulted in an appropriate amount of revenue being recognised in the consolidated income statement and in the limited liability partnership financial statements.

We consider that the related disclosure in note 4 to the financial statements appropriately discloses and describes the significant degree of inherent uncertainty in the assumptions and estimates used in determining the stage of completion of revenue contracts.

Independent auditor's report to the members of KPMG LLP

Continued

Key Audit Matters (continued)

Key Audit Matter – UK group and limited liability partnership

New system implementation and data migration

We identified the data migration for the new system implementation as one of the most significant assessed risks of material misstatement due to error. This is due to the potential significant impact on the financial statements if the data transferred to the new system is not complete and/or accurate.

During the year the limited liability partnership and certain of its subsidiaries transitioned to the new system, which involved the migration of opening balances and transactional data from legacy systems. The year-end balances are derived from this newly implemented system. In addition, a new suite of IT General Controls (ITGCs) were introduced as part of the system implementation.

When implementing a new significant accounting system, it is important to ensure that sufficient controls have been designed and operate to ensure the integrity of the data. There is also a risk over the completeness and accuracy of the data transfer from the previous ledger system. There are also potential challenges with control account reconciliations and the availability of detailed transaction reports required for audit testing.

How our scope addressed the matter – UK group and limited liability partnership

In responding to the key audit matter, we performed the following audit procedures:

- engaged our IT audit specialists to assist with completing an information technology (IT) environment review. This included gaining an understanding of the changes to any processes and controls within the new system, documenting and evaluating the design and implementation of IT general controls within the new system;
- tested controls across certain aspects of the new system to ensure integrity of data migrated through the support of our IT audit specialists; and
- performed substantive procedures on the new financial data including opening balance reconciliations from the old system to the new system and performed cut-off testing from the old system to ensure that the migrated data is accurate and complete.

Our results

Our audit testing did not identify significant deficiencies or material misstatement in respect of the new system implementation and data migration.

Independent auditor's report to the members of KPMG LLP

Continued

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	UK group	Limited liability partnership
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£20.5 million (2024: £18.5 million) which represents approximately 5% (FY24: 5%) of UK group's profit before taxation and members' profit share.	£19.3 million (2024: £17.5 million) which represents 5% of the limited liability partnership's profit before taxation and members' profit share, capped at approximately 95% of UK group materiality.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the significant judgement that the selected benchmark is considered the most appropriate because it reflects the level of profits generated during the year available for distribution to the members. This benchmark has been consistently applied in the current and prior years. Materiality for the current year is higher than the level that we determined for the year ended 30 September 2024 to reflect the increase in profit before taxation and members' profit share.	In determining materiality, we made the significant judgement that the selected benchmark is considered the most appropriate because it reflects the level of profits generated during the year available for distribution to the members. This benchmark has been consistently applied in the current and prior years. Materiality for the current year is higher than the level that we determined for the year ended 30 September 2024 to reflect the increase in profit before taxation and members' profit share.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£15.4 million (2024: £13.9 million), which is 75% (2024: 75%) of financial statement materiality.	£14.5 million (2024: £13.1 million), which is 75% (2024: 75%) of financial statement materiality.
	Component performance materialities range between £5.1 million to £14.5 million (2024: £5.3 million to £13.1 million).	
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we considered all pertinent facts from prior period audits, including the level of adjusted and unadjusted misstatements and the level of control deficiencies.	In determining performance materiality, we considered all pertinent facts from prior period audits, including the level of adjusted and unadjusted misstatements and the level of control deficiencies.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	

Independent auditor's report
to the members of KPMG LLP

Continued

Our application of materiality (continued)

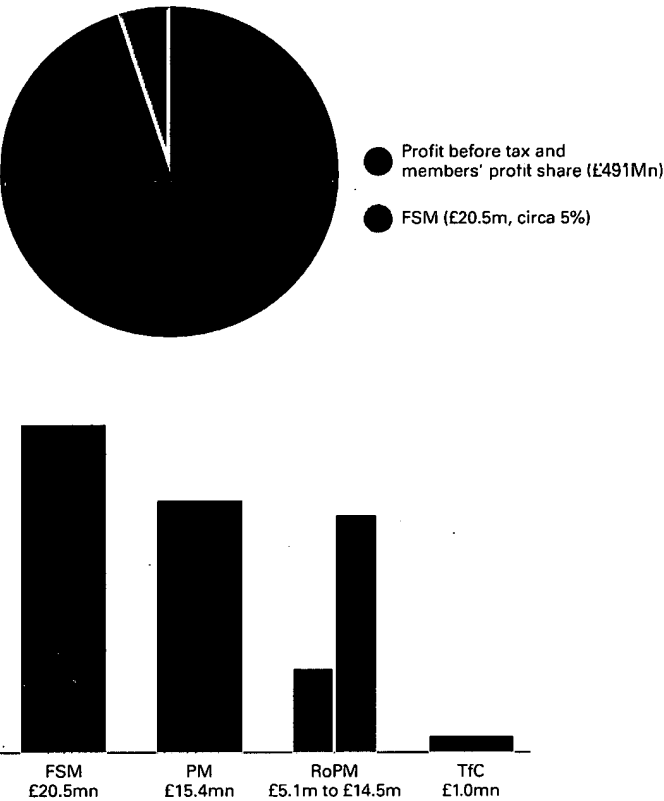
Materiality measure	UK group	Limited liability partnership
Specific materiality	We determined a lower level of specific materiality for certain areas such as key management profit share, average partner distribution and related party transactions outside the normal course of business.	We determined a lower level of specific materiality for certain areas such as key management profit share, average partner distribution and related party transactions outside the normal course of business.
Communication of misstatements to the Audit Committee	We determine a threshold for reporting unadjusted differences to the Audit Committee.	
Threshold for communication	£1 million (2024: £0.9 million), which represents 5% (2024: 5%) of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£1 million (2024: £0.9 million), which represents 5% (2024: 5%) of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Independent auditor's report to the members of KPMG LLP

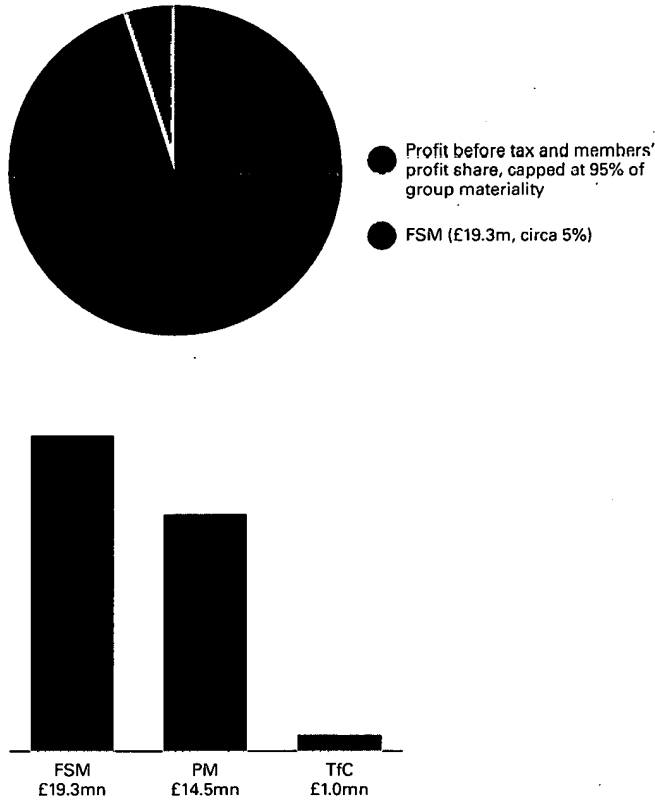
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The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – UK group



Overall materiality – Limited liability partnership



FSM: Financial statement materiality PM: Performance materiality RoPM: Range of component performance materiality at two components
TfC: Threshold for communication to the audit committee

Independent auditor's report to the members of KPMG LLP

Continued

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the UK group's and the limited liability partnership's business and in particular matters related to:

Understanding the UK group, its components, their environments, and its system of internal control including common controls

- The engagement team obtained an understanding of the UK group and its environment, including the controls and the assessed risks of material misstatement. We performed interim and advanced audit procedures as well as an evaluation of the internal control environment, including the UK group's IT systems.

Identifying components at which to perform audit procedures

- The performance of the UK group is substantially derived from that of the limited liability partnership which is the only significant component of the UK group. We assessed quantitative and qualitative factors to identify components which are significant to the UK group, we considered components in terms of their nature and influence on the UK group and any individual component which is financially significant to the UK group, this being assessed with reference to revenue, profit before taxation and members profit share and total assets.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- The UK group audit was conducted from one key location and included an audit of the financial statements of the limited liability partnership, together with specified or analytical procedures for the rest of the UK group. 93% of the UK group's revenue, 88% of the UK group's total assets and 90% of the UK group's profit before taxation and members' profit shares were subject to an audit based upon the limited liability partnership's materiality, with the UK group's remaining assets and liabilities subject to specified or analytical procedures.
- We identified that revenue recognition on significant engagements which meet specified risks or characteristics includes the risk of fraud and error and new system implementation and data migration to be key audit matters and the procedures to address these are included in the key audit matters section above.
- Consistent with the prior year, the only component not audited by the UK group engagement team was Queen Street Mutual Company PCC Limited ('QSM'), which was audited by a Grant Thornton International Limited network firm under our instructions. QSM does not generate any of the UK group's revenue and represents less than 3% of the UK group's total assets. We determined that specified audit procedures on QSM were required to provide sufficient, appropriate audit evidence as a basis for our opinion on the UK group financial statements as a whole, as it makes provision for a number of professional claims and regulatory matters.

Performance of our audit

- In total, coverage of full-scope and specified audit procedures equated to 97% of the UK group's total assets, 97% of the UK group's revenue and 98% of the UK group's profit before taxation and members' profit share.
- Further audit procedures performed on components subject to specified audit procedures may not have included testing of all significant account balances of such components, but further audit procedures were performed on specific accounts within that component that we, the UK group auditor, considered had the potential for the greatest impact on the UK group financial statements either due to risk, size or coverage.
- The key audit matters relating to new system implementation and data migration and revenue recognition includes the risk of fraud and error were addressed by our full-scope and specified audit procedures.
- As part of our planning procedures, an evaluation was completed over the UK group's internal control environment including its IT systems and controls to inform our risk assessment.
- The components within the scope of further audit procedures accounted for the following percentages of the UK group's results:

Audit approach	No. of components	% coverage total assets	% coverage revenue	% coverage profit before taxation and members' profit shares
Full-scope audit	1 (2024: 1)	88% (2024: 89%)	93% (2024: 94%)	90% (2024: 86%)
Specified audit procedures	3 (2024: 2)	9% (2024: 4%)	4% (2024: 3%)	8% (2024: 4%)
Total	4 (2024: 3)	97% (2024: 93%)	97% (2024: 97%)	98% (2024: 90%)
Analytical procedures	22 (2024: 27)	3% (2024: 7%)	3% (2024: 3%)	2% (2024: 10%)

Independent auditor's report to the members of KPMG LLP

Continued

Communications with component auditors

- The UK group engagement team communicated with one overseas component auditor, throughout the stages of their work, from planning, through fieldwork and as part of the concluding procedures. The UK group audit team remotely viewed the working papers of the overseas component team.
- Detailed audit instructions were sent to the component auditor of QSM setting out the scope and nature of the audit and the UK group risks that should be addressed. We also communicated information required to be reported back to the UK group engagement team, together with the UK group materiality threshold (in the knowledge that this component is subject to local audit using a materiality set at a lower level than UK group financial statement materiality). We also evaluated the component auditor's working papers and held direct discussions with them regarding their findings and conclusions.

Changes in approach from previous period

- Additional components were brought into scope for specified audit procedures to ensure sufficient coverage over UK group balances.
- There were no significant changes in the audit approach from the previous period.

Other information

The other information comprises the information included in the UK members' report and financial statements 2025, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the UK members' report and financial statements 2025. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of members

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the UK group and limited liability partnership and determined the most significant laws and regulations to be:
 - those that relate to the reporting framework (UK-adopted International Accounting Standards); and
 - regulations governing auditors and accountants enforced by the FRC, ICAEW and PCAOB.
- We understood how the UK group is complying with the relevant legal and regulatory frameworks by making enquiries of management and those charged with governance, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, legal correspondence, correspondence received from regulatory bodies and through circularisation and enquiry of external legal counsel.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur through:
 - enquiry of management throughout the business to understand areas where they considered there was a risk of fraud.
 - attendance at audit committee meetings throughout the year which included reporting by internal audit of the key findings of their work.

Independent auditor's report to the members of KPMG LLP

Continued

- We performed audit procedures to address each identified fraud risk. These included testing:
 - journals which met a pre-defined criterion and corroborating to supporting documentation.
 - open contracts with specific risks or characteristics (see Key Audit Matter for further details).
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner has assessed that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations and this was achieved through adherence to internal quality control procedures and through planning and stand back meetings to identify and follow up on non-compliance risks.
- The impact of material non-compliance with laws and regulations and fraud are assessed and evaluated by management when making provision for professional claims and regulatory matters in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

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

Use of our report

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

Peter Gamson

Peter Gamson

Senior Statutory Auditor

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

London

20 January 2026



Grant Thornton

Consolidated income statement

For the year ended 30 September 2025

	Note	2025 £m	2024 £m
Revenue	4	3,021	2,990
Recoverable expenses		(374)	(383)
Net sales		2,647	2,607
Other operating income	5	163	129
Staff costs	6	(1,540)	(1,538)
Depreciation and amortisation	11,12	(79)	(84)
Impairment of trade receivables and contract assets	14	(11)	(7)
Other operating expenses	7	(685)	(697)
Operating profit		495	410
Financial income	8	15	21
Financial expense	8	(19)	(27)
Net financial expense		(4)	(6)
Profit before taxation and members' profit shares		491	404
Tax expense in corporate entities	9	(17)	(14)
Profit for the financial year before members' profit shares		474	390
Members' profit shares charged as an expense	6	(352)	(287)
Profit for the financial year available for discretionary division among members		122	103

Consolidated statement of comprehensive income

For the year ended 30 September 2025

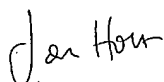
	Note	2025 £m	2024 £m
Profit for the financial year available for discretionary division among members		122	103
Other comprehensive income, net of tax:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension plans	19	3	4
Items that are or may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences		(2)	(3)
Fair value loss on cash flow hedges	22	-	(4)
Other comprehensive income for the financial year, net of tax		1	(3)
Total comprehensive income for the financial year, net of tax, attributable to members		123	100

Statements of financial position

At 30 September 2025

		UK group		Partnership	
	Note	2025 £m	2024 £m	2025 £m	2024 £m
Assets, excluding members' interests					
Non-current assets					
Property, plant and equipment	11	404	444	383	419
Intangible assets	12	37	45	14	17
Shares in subsidiary undertakings	26	-	-	16	16
Other non-current assets	13	5	6	89	89
		446	495	502	541
Current assets, excluding members' interests					
Trade and other receivables	14	1,280	1,097	1,297	1,089
Other financial assets	15	38	32	-	-
Cash and cash equivalents	16	67	201	35	166
		1,385	1,330	1,332	1,255
Total assets, excluding members' interests		1,831	1,825	1,834	1,796
Liabilities, excluding members' interests					
Non-current liabilities					
Retirement benefits	19	46	49	46	49
Lease liabilities	23	360	385	341	362
Provisions	18	47	46	47	46
Other non-current liabilities	13	62	58	152	147
Insurance contract liabilities	20	32	37	32	37
		547	575	618	641
Current liabilities, excluding members' interests					
Short-term bank borrowings	16	25	-	25	-
Trade and other payables	17	560	576	573	566
Lease liabilities	23	26	27	22	22
Provisions	18	-	5	-	5
Insurance contract liabilities	20	4	4	4	4
		615	612	624	597
Total liabilities, excluding members' interests		1,162	1,187	1,242	1,238
Net assets attributable to members		669	638	592	558
Represented by:					
Amounts classified as non-current liabilities:					
Individual members' capital	16	123	135	123	135
Amounts classified as current liabilities:					
Amounts due to members	21	246	160	246	160
Individual members' capital	16	80	76	80	76
		326	236	326	236
Amounts classified as equity:					
Other members' interests classified as equity	21	220	267	143	187
Total members' interests		669	638	592	558

The partnership reported a profit available for discretionary division among members for the year ended 30 September 2025 of £123 million (2024: £111 million). The financial statements on pages 18 to 63 were authorised for issue and signed on 20 January 2026 on behalf of the members of KPMG LLP, registered number OC301540 by:



Jon Holt
Chief Executive Officer



Chris Heard
Group Managing Partner

Statements of changes in equity

For the year ended 30 September 2025

		UK group	Partnership
		Members' other reserves and cashflow hedging reserves	Members' other reserves and cashflow hedging reserves
Note	Members' other reserves £m	Translation and cashflow hedging reserves £m	Total £m
			£m
Balance at 1 October 2023	286	2	288
Profit for the financial year available for discretionary division among members	103	-	103
Remeasurement of defined benefit pension plans	19	4	4
Foreign exchange translation differences	-	(3)	(3)
Hedging gains and losses and costs of hedging	22	(4)	(4)
Total comprehensive income	107	(7)	100
Prior years' profits available for discretionary division, allocated to members during the year	(112)	-	(112)
Other movements	(9)	-	(9)
Transactions with members	(121)	-	(121)
Balance at 30 September 2024	272	(5)	267
Profit for the financial year available for discretionary division among members	122	-	122
Remeasurement of defined benefit pension plans	19	3	3
Foreign exchange translation differences	-	(2)	(2)
Hedging gains and losses and costs of hedging	22	-	-
Total comprehensive income	125	(2)	123
Prior years' profits available for discretionary division, allocated to members during the year	(162)	-	(162)
Other movements	(8)	-	(8)
Transactions with members	(170)	-	(170)
Balance at 30 September 2025	227	(7)	220

Statements of cash flows

For the year ended 30 September 2025

	Note	UK group		Partnership	
		2025 £m	2024 £m	2025 £m	2024 £m
Cash flows arising from operating activities					
Profit for the financial year after members' profit shares charged as an expense		122	103	123	111
Adjustments for:					
Tax expense	9	17	14	2	-
Depreciation and amortisation	11,12	79	84	69	77
Financial income	8	(15)	(21)	(50)	(71)
Financial expense	8	19	27	21	29
Impairment of trade receivables and contract assets	14	11	7	9	7
Members' profit shares charged as an expense	6	352	287	352	287
Changes in working capital:					
(Increase)/decrease in trade and other receivables		(198)	69	(217)	102
Decrease in trade and other payables		(27)	(9)	(11)	(55)
Decrease in insurance contract liabilities		(7)	(3)	(7)	(3)
Decrease in provisions and retirement benefits		(6)	(11)	(6)	(10)
Cash flows arising from operations		347	547	285	474
Net interest and other financial income received	8	11	12	9	10
Corporate taxes paid		(15)	(9)	-	-
Net cash flows arising from operating activities before transactions with members		343	550	294	484
Payments to members		(427)	(419)	(427)	(419)
Net cash flows arising from operating activities		(84)	131	(133)	65
Cash flows arising from investing activities					
Acquisition of businesses	10	(6)	(1)	-	-
Dividends received		-	-	34	49
(Acquisition)/disposal of other financial assets		(5)	8	-	-
Proceeds from sale of property, plant and equipment	11	1	3	1	3
Acquisition of property, plant and equipment	11	(15)	(20)	(14)	(20)
Development of intangible assets	12	(7)	(6)	(7)	(6)
Net cash flows arising from investing activities		(32)	(16)	14	26
Cash flows arising from financing activities					
Payment of lease liabilities	23	(47)	(56)	(41)	(49)
Net inflow from bank borrowings	16	25	-	25	-
Capital introduced by individual members	16	19	11	19	11
Capital repayments to individual members	16	(15)	(15)	(15)	(15)
Net cash flows arising from financing activities		(18)	(60)	(12)	(53)
Net (decrease)/increase in cash and cash equivalents		(134)	55	(131)	38
Cash and cash equivalents at the beginning of the year		201	146	166	128
Cash and cash equivalents at the end of the year	16	67	201	35	166

Notes

Forming part of the consolidated financial statements

1. Basis of preparation

KPMG LLP (the partnership) is incorporated in the UK as a limited liability partnership under the Limited Liability Partnerships Act 2000.

The consolidated financial statements include the financial statements of the partnership and its subsidiary undertakings (the UK group) and include the UK group's interest in joint arrangements. The parent entity financial statements present information about the partnership as a separate entity and not about its UK group.

With effect from 1 October 2024, KPMG LLP and KPMG AG merged their previously independent practices. Under IFRS 3 'Business Combinations' KPMG LLP is deemed to be the acquirer of KPMG AG. However, KPMG LLP does not exercise control over KPMG AG under IFRS 10 'Consolidated Financial Statements'. Therefore, KPMG Holding LLP is the immediate and ultimate controlling party of both the partnership and KPMG AG.

Accordingly, these financial statements continue to be prepared and consolidated at the UK group level only and do not include the results of KPMG AG and its subsidiary undertakings. The largest group in which the results of the partnership are consolidated for the year ended 30 September 2025 is that of KPMG Holding LLP and its subsidiaries.

Both the UK group and partnership financial statements have been prepared in accordance with UK-adopted International Accounting Standards (adopted IFRSs) and have been approved by the members. In presenting the parent entity financial statements together with the UK group financial statements, the partnership is taking advantage of the exemption in Section 408(4) of the Companies Act 2006, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) regulations 2008, not to present its individual income statement and related notes as part of these approved financial statements.

The UK group and partnership have consistently applied the following accounting policies to all periods presented in these consolidated financial statements except if mentioned otherwise.

A number of amendments to IFRSs have been endorsed by the UK Endorsement Board with effective dates such that they may be applied by the UK group in the year ended 30 September 2025; there are no amendments that fall for mandatory adoption prior to 30 September 2026.

The following standards and amendments to adopted IFRSs are the only changes of relevance to these financial statements that have been adopted early by the UK group, in the year ended 30 September 2025:

- Amendments to IAS 21 'Lack of Exchangeability': effective for periods beginning on or after 1 January 2025.
- Amendments to IFRS 9 and IFRS 7 'Amendments to the Classification and Measurement of Financial Instruments': effective for periods beginning on or after 1 January 2026.
- Annual Improvements to IFRS Accounting Standard – Volume 11: effective for periods beginning on or after 1 January 2026.

These amendments had no material impact on either the UK group's or partnership's financial statements.

Future developments

There are a number of new standards and amendments issued by the International Accounting Standards Board (IASB) that will be effective for financial statements after this reporting period, once endorsed by the UK Endorsement Board. The most relevant changes for the UK group and partnership are:

- IFRS 18 'Presentation and Disclosure in Financial Statements': effective for periods beginning on or after 1 January 2027.

Based on preliminary assessments, the adoption of this standard is not expected to have a significant impact on either the UK group's or partnership's results or financial position but will impact the presentation of the financial statements.

The financial statements have been prepared on the historical cost basis except that certain financial instruments are stated at their fair value.

The functional currency of the partnership and the presentation currency of the UK group is pounds sterling. The financial statements are presented in millions of pounds (£m) unless stated otherwise.

Going concern

As set out in the Report to the members, following KPMG Holding LLP becoming the UK group's ultimate controlling party to facilitate the merger of KPMG LLP and the KPMG member firm in Switzerland, the going concern assessment has been performed at a KPMG Holding LLP group level, with a letter of support provided to the UK group.

The group has access to considerable financial resources, namely individual members' capital, undistributed profits and borrowing facilities. This funding, together with well-established relationships with many clients and suppliers across different geographic areas and industries, leaves the group well placed to manage the financial impact of our business risks.

Forecasts have been prepared for the group, reflecting the group's financial plan through to 30 September 2027 and covering the going concern assessment period of 18 months from the date of approval of these financial statements. An 18-month going concern assessment period has been selected to cover the approval of subsidiary financial statements and as a matter of good liquidity management. Given the absence of any re-financing requirements until December 2027, an 18-month assessment period is considered appropriate.

The group forecasts reflect three scenarios:

- Base – demand for the group's services grows through the 2026 and 2027 financial year and lock up reflects past experience;
- Downside – revenue growth is lower than in the Base and lock up deteriorates compared with past experience;
- Plausible but severe – reduction in revenue and further deterioration in lock up.

Notes

Forming part of the consolidated financial statements

1. Basis of preparation (continued)

These forecasts demonstrate that even under a plausible but severe case, the group is forecast to operate comfortably within borrowing facilities, meeting covenants throughout the forecast period without reliance on liquidity enhancing measures. Should the impact of economic uncertainty worsen even beyond the plausible but severe case, the group has mitigating actions readily available, including (but not limited to) reducing discretionary spend, adjusting recruitment plans and postponing partner distributions.

At 30 September 2025, the UK group had cash balances of £67 million (2024: £201 million) and undrawn bank facilities of £360 million (2024: £385 million). In addition to bank facilities, the UK group also has access to a short-term borrowing arrangement with its fellow subsidiary in Switzerland. This level of cash and committed, undrawn funding provides strong financial resilience through continued disruption caused by any economic factors and allows the group to actively pursue, respond to and invest in opportunities in line with the group's financial plan. Full details of the borrowing facilities are set out in note 16.

The UK group's objectives, policies and processes to address risks arising from the UK group's use of financial instruments, in particular its exposure to market, credit and liquidity risks are set out in note 22.

Having considered the group's forecasts and the wider business risks faced by the group, (as set out in the separately published Transparency Reports of KPMG UK and KPMG Switzerland) including known events and conditions that may arise beyond the forecast period, the Board has a reasonable expectation that the UK group has adequate resources to continue in operational existence for the going concern assessment period, being 18 months from the date of approval of these financial statements. Accordingly, the Board continues to adopt the going concern basis in preparing this report and financial statements.

2. Material accounting policies

Consolidation

Subsidiaries are entities controlled by the partnership. The UK group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

Joint arrangements are arrangements in which the UK group, according to contractual agreements with one or more other parties, has joint control. The arrangements are classified as joint ventures if the contracting parties' rights are limited to net assets in the separate legal entities; the arrangements are classified as joint operations if the parties have direct and unlimited rights to the assets and obligations for the liabilities of the arrangement. The UK group has accounted for its interest in its joint operations by recognising its share of individual assets, liabilities, revenue and costs.

Intra-UK group balances and transactions, and any unrealised income and expenses arising from intra-UK group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the UK group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The partnership's investments in subsidiaries are stated at cost less provision for impairment in the entity's financial statements. Investments where the UK group and partnership have neither control nor significant influence are stated at fair value calculated by reference to an appropriate earnings multiple.

Notes

Forming part of the consolidated financial statements

2. Material accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated into the respective functional currency of the UK group entities at the exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the year-end date are retranslated in each entity at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within financial income or expense, except when deferred in other comprehensive income as qualifying cash flow hedges.

Non-monetary assets that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

For presentation purposes, the revenues and expenses of UK group undertakings with a functional currency other than pounds sterling are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. The assets and liabilities of such undertakings, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at year-end.

Exchange differences arising from this retranslation are recognised in other comprehensive income in the translation reserve.

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2025	2024	2025	2024
US Dollar	1.31	1.27	1.34	1.34
Euro	1.18	1.17	1.15	1.20
Indian Rupee	112.39	105.74	119.45	112.35

Revenue

All revenue of the UK group and partnership is generated from contracts with clients.

Revenue is recognised when, or as, the UK group and partnership satisfy performance obligations, contained in contracts with clients, by transferring control of services to clients.

Revenue includes recoverable expenses but excludes value added tax. Recoverable expenses represent charges from other KPMG International member firms, sub-contractors and out-of-pocket expenses incurred in respect of assignments and expected to be recovered from clients.

Revenue is recognised at an amount that depicts the transaction price of the transfer of professional services to a customer. Variable consideration, such as fee arrangements contingent on the occurrence or non-occurrence of a future event, is included in the transaction price only to the extent that it is highly probable that a significant reversal will not be required when the uncertainties determining the level of variable consideration are subsequently resolved.

The majority of the UK group's revenue is derived from contracts where the consideration is based on time and materials. For these contracts the UK group satisfies performance obligations over time and revenue is recognised as services are provided at the rate agreed with the client, provided there is an enforceable right to payment for performance completed to date.

Similarly, revenue derived from fixed fee contracts is recognised over time based on the actual service provided to the end of the reporting period relative to total services to be provided, generally assessed by reference to actual inputs of time and expenses as a proportion of the total expected inputs, where there is an enforceable right to payment for performance completed to date.

For contingent fee contracts, including certain Advisory engagements where the UK group are providing deal support, consideration is constrained in estimating revenue and only recognised at the point in time when the contingency is resolved and the firm has an entitlement to payment.

Where contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on its stand-alone selling price, reflecting expected cost-plus margin if a stand-alone selling price is not directly observable.

Invoices are issued in accordance with the terms of engagement; except where consideration is variable, fees are usually billed on account based on a payment schedule and standard payment terms are usually 30 days from date of issue.

Where revenue recognised by the UK group and partnership exceeds the amounts invoiced, a 'Contract asset' is recognised within 'Trade and other receivables'. Consideration received or amounts due in excess of revenue recognised by the UK group and partnership are classified as 'Contract liabilities' within 'Trade and other payables'. Contract assets are reclassified as trade receivables when invoiced or when the consideration becomes unconditional because only the passage of time is required before payment is due.

Notes

Forming part of the consolidated financial statements

2. Material accounting policies (continued)

Members' profit shares

Until the merger with KPMG AG on 1 October 2024, the LLP Partnership Agreement required that 75% of the UK group profits, excluding the results of certain subsidiaries and profit arising on significant disposals of property or business (adjusted UK group profits) were to be allocated to individual members. Since the merger, the individual member profit shares are determined by the KPMG Holding LLP Board.

Under the terms of the KPMG Holding LLP Partnership Agreement, the Holding LLP Board has discretion to retain up to 25% of the adjusted Holding group total profits. Any proposal of the Holding LLP Board to retain more than 25% of the adjusted Holding group profits for the period is subject to a member vote. It is therefore expected that a minimum 75% UK group profits will be distributed each financial year and consequently a contractual liability exists under IAS 32 'Financial Instruments: Presentation'. These amounts are charged as an expense in the income statement and recognised as a liability in the statement of financial position.

The allocation of UK group profits between those who were members of the partnership during the financial year occurs following the finalisation of these financial statements. Any amounts paid to individual members in year are reclaimable from individual members until profits have been allocated. Any such amounts paid in excess of the liability recognised in respect of 75% of the adjusted UK group profits would be shown as 'Amounts due from members'. Profits available for discretionary allocation are classified as equity and included within 'Members' other reserves'.

Financial income and expense

Financial income comprises exchange gains, interest income and, if positive, net change in fair value of financial assets at fair value through profit or loss (FVTPL).

Financial expense comprises exchange losses, interest expense on bank borrowings (if relevant), net interest expense on defined benefit pension plan liabilities, interest expense on lease liabilities and unwinding discount on provisions and insurance contract liabilities. If negative, net change in fair value of financial assets at FVTPL is classified as a financial expense. All borrowing costs are recognised in the income statement using the effective interest method.

Tax expense in corporate entities

Taxation on all partnership profits is solely the personal liability of the individual members. Consequently, neither taxation nor related deferred taxation arising in respect of the partnership is accounted for in these financial statements. Distributions to members of the partnership are made net of income tax; such amounts retained are paid to HM Revenue & Customs by the partnership, on behalf of the individual members, when this tax falls due. These amounts retained for tax are treated in the financial statements in the same way as other profits of the partnership and so are included in 'Amounts due to members' or 'Other members' interests' depending on whether or not division of profits has occurred.

The companies dealt with in the consolidated financial statements are subject to corporation tax based on their profits for the accounting period. Tax and any deferred taxation of these companies are recorded in the consolidated income statement or consolidated statement of comprehensive income under the relevant heading and any related balances are carried as tax payable or receivable in the consolidated statement of financial position. Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, and any adjustment to tax payable in respect of previous years.

Business combinations

For business combinations, fair values that reflect conditions at the date of the business combination and the terms of each business combination are attributed to the identifiable assets, liabilities and contingent liabilities acquired. For business combinations achieved in stages, the UK group revalues its investment to the fair value reflecting the conditions at the date of acquisition of the controlling share with any resultant gain or loss recognised in the income statement. Consideration for the business combination is measured at the fair value of assets transferred to and liabilities incurred on behalf of the previous owners of the acquiree. Goodwill is recognised where the consideration for the business combination exceeds the fair values of identifiable assets, liabilities and contingent liabilities acquired. Where the excess is positive, it is treated as an intangible asset, subject to annual impairment testing.

Transaction costs that the UK group incurs in connection with a business combination, such as legal fees, are expensed as incurred.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Parts of an item of property, plant and equipment having different useful lives are accounted for as separate items.

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment and is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Office buildings including fit-out assets*	Life of lease
Office furniture, fittings and equipment	4-12 years
Computer and communications equipment	2-5 years
Motor vehicles	5 years

* Fit-out assets are classified within office furniture and equipment in the tables in note 11.

The useful lives and residual value, if not insignificant, are reassessed annually.

Notes

Forming part of the consolidated financial statements

2. Material accounting policies (continued)

Intangible assets

Expenditure on research is recognised in the income statement as an expense as incurred. Development expenditure on internally generated software is capitalised only if development costs can be measured reliably, if the product or process is technically and commercially feasible, future economic benefits are probable, and the UK group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads directly attributable to developing the intangible. Other development expenditure is recognised in the income statement as an expense as incurred.

Internally generated software has a finite useful life and is measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life of internally generated software is generally 3-8 years.

Configuration and customisation costs incurred in a cloud computing arrangement are recognised as an expense in the income statement when the related services are received unless the configuration and customisation costs create a separately identifiable asset and meet the recognition criteria of an intangible asset.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units (CGUs), where the CGU reflects the level at which the individual acquired business is now managed and is not amortised but is tested annually for impairment.

Other non-current assets and liabilities

Non-current loans and receivables are initially recognised at fair value, based upon the estimated present value of future cash flows discounted at the market rate of interest at the date of initial recognition. Subsequent to initial recognition, non-current loans and receivables are recorded at amortised cost less impairment losses, except the amount due from other UK group undertakings which is recorded at FVTPL.

Trade and other receivables

Trade and other receivables (except contract assets) are initially recognised at their transaction price as defined by IFRS 15. Subsequent to initial recognition, trade and other receivables are recorded at amortised cost less expected credit losses (ECLs).

Contract assets represent revenues recognised in satisfying performance obligations where consideration is conditional on something other than the passage of time. Contract assets are recognised at their transaction price as defined by IFRS 15 (in accordance with the revenue accounting policy set out on page 25) less provision for foreseeable losses and net of amounts billed on account.

Other financial assets

Other financial assets held by the UK group comprise bonds and equities that are designated as FVTPL and are measured at fair value, calculated by reference to their listed price at the year-end. Any resulting gain or loss on these assets classified as FVTPL is recognised in the income statement.

In addition, the UK group has entered into non-deliverable forward exchange contracts (NDFs) which are classified as financial assets if they have a positive fair value at the year end or financial liabilities if they have a negative fair value at the year end. Those NDFs which are not in a hedge relationship are designated as FVTPL whilst those that are in a cashflow hedge relationship are fair value through other comprehensive income (FVOCI); the effective portion of the cumulative net change in the fair value are presented in Other Comprehensive Income as items that may be subsequently reclassified to profit or loss when specific conditions are met.

Cash

Cash and cash equivalents comprise bank balances and (if relevant) call deposits. The cash and cash equivalents are stated at their nominal values, as this approximates to amortised cost.

Borrowings

Bank borrowings are initially recognised at fair value, based upon the nominal amount outstanding. Subsequent to initial recognition, they are recorded at amortised cost. Borrowings costs arising on bank borrowings are expensed as incurred within financial expense. Initial facility fees incurred in respect of bank borrowing facilities are capitalised and amortised over the facility life.

Trade and other payables

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

Provisions and contingent liabilities

A provision is recognised when the UK group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and it can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is presented in the income statement as a financial expense.

Contingent liabilities arise where the outflow of resources is considered less than probable or cannot be measured reliably.

Notes

Forming part of the consolidated financial statements

2. Material accounting policies (continued)

Property provisions

Provisions for onerous lease contracts are recognised when the expected benefits to be derived by the UK group or partnership from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Property provisions are recognised for dilapidation costs anticipated on exiting properties leased by the UK group and partnership.

Professional claims and regulatory matters

The UK group from time to time receives claims in respect of professional service matters and may be subject to disciplinary proceedings brought by regulatory authorities. It defends such claims where appropriate but where an outflow of resources is considered probable and reliable estimates can be made, a provision is made for the best estimate of probable cost (including related legal costs) of settling professional service claims brought against the partnership and UK group by third parties and disciplinary proceedings brought by regulatory authorities.

The UK group maintains professional indemnity insurance, principally written through mutual insurance companies. Premiums are expensed as they fall due with prepayments or accruals being recognised accordingly. Reimbursement under insurance contracts is recognised when the recovery becomes virtually certain and would be included within 'trade and other receivables'.

Insurance contract liabilities: partner annuities

The partnership has conditional commitments to pay annuities to certain former members (and dependants). These annuities are payable only out of profits of the partnership, on which they constitute a first charge.

These annuities meet the IFRS 17 criteria of an insurance contract as a contract exists between the partnership and the former members to pay annuities in the event of the survival of the annuitant (or dependants) which is the insured event.

The IFRS 17 liability is valued as:

- The best estimate of the fulfilment cash flows, being the expected outflows to annuitants (or dependants) plus an allowance for administering the policies;
- Consideration of a Risk Adjustment to represent the uncertainty on the timing and amount of cashflows; and
- Discounted back using an appropriate discount rate.

Movements in the liability arising in year from unwinding discount are recognised in financial expenses in the income statement whilst those arising from experience adjustments are recognised in other operating expenses.

Retirement benefits

The UK group operates two defined contribution pension plans for which the charge for the year represents the contributions payable to the plans in respect of the accounting period. An accrual or prepayment is included in the statement of financial position to the extent to which such costs do not equate to the cash contributions paid in the year.

The UK group also operates two defined benefit pension plans for which the partnership is the employer and bears all related risks. Both plans are closed to future accrual of benefits. The UK group's net obligations in respect of its defined benefit plans are calculated separately for each plan by estimating the benefits that former employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value and the fair value of plan assets (at bid price) is deducted.

The UK group determines the net interest on the net defined benefit liability for the period based on a spot rate approach. Under this approach the full yield curve which has been used to derive the discount rate used to measure the defined benefit obligation is applied to the expected cash flows from the pension schemes in each year. This gives an average rate of interest which is applied to the net defined benefit liability at the beginning of the annual period adjusted for contributions and benefit payments during the period.

The discount rate used to determine the defined benefit obligation is based on a yield curve which has been derived based on information regarding AA-rated corporate bonds at the balance sheet date. The UK group determines a single equivalent discount rate based on this yield curve being applied to sample pension scheme cash flows that broadly match the profile of the UK group's pension schemes. The calculations are performed by qualified actuaries using the projected unit credit method.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment is recognised immediately in the income statement when the plan amendment or curtailment occurs.

Remeasurements comprise actuarial gains and losses and the return on plan assets (excluding interest). These are recognised immediately in the statement of comprehensive income taking into account the adverse effect of any minimum funding requirements and all other expenses related to defined benefit plans in either staff costs or financial expense in the income statement.

As there is no contractual agreement or stated policy for charging the net defined benefit cost of the UK group's pension plans to participating entities, the net defined benefit cost of the pension plans is recognised fully by the partnership, as employer.

Surpluses are recognised on defined benefit pension plans only to the extent that they are considered to be recoverable by the UK group, taking account of contributions payable to the relevant plan.

Individual members of KPMG LLP are required by the KPMG LLP Limited Liability Partnership Agreement to make their own arrangements for retirement income.

Notes

Forming part of the consolidated financial statements.

2. Material accounting policies (continued)

Individual members' capital

The capital requirements of the UK group and partnership are determined from time to time by the Board, following recommendation from the Executive Committee. Each individual member is required to subscribe a proportion of this capital. Hence, individual members' capital of the UK group represents capital subscribed by individual members of the partnership to the partnership.

On leaving the partnership, an individual member's capital must be repaid within one month of the leaving date (except as noted below), unless other arrangements have been agreed between the member and the Executive Committee. Individual members' capital is therefore considered a current liability and is stated at its nominal value, being the amount repayable.

During the year ended 30 September 2021, the partners voted to allocate £201 million of reserves to individual members' capital. No interest is payable on these balances which are repayable over five years commencing in the October following the second anniversary of leaving the partnership; payment is subject to good leaver provisions and early payment is made in certain limited circumstances. These balances are initially classified as a non-current liability to members, reclassified to non-current third-party liabilities upon retirement and subsequently to current third-party liabilities within 12 months of repayment date.

Amounts due to members

Amounts due to members are stated at their nominal value, as this approximates to amortised cost.

Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the UK group and partnership become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transactions costs that are directly attributable to its acquisition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets

Classification

On initial recognition, a financial asset is classified as measured at either amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held with the objective of collecting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost are measured at FVTPL. This includes all derivative financial assets.

Financial assets that are managed and whose performance is evaluated on a fair value basis are also measured at FVTPL.

Subsequent measurement and gains and losses

Financial assets at FVTPL are subsequently measured at fair value.

Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Derivatives which are in a cashflow hedge relationship are recognised at fair value and the effective portion of the cumulative net change in the fair value are presented in other comprehensive income as items that may be subsequently reclassified to profit or loss when specific conditions are met.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Foreign exchange gains and losses and impairment losses are recognised in profit or loss.

Financial assets are derecognised when substantially all the risks and rewards of ownership of the asset are transferred to another entity or the contractual rights to cash flows from the asset expire. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Financial liabilities are derecognised when obligations are fully discharged, cancelled or expired. Any gain or loss on derecognition is also recognised in profit or loss.

Derivative financial instruments

The UK group uses derivative financial instruments to provide an economic hedge against exposures to foreign exchange rate and interest risks arising from operational, financing and investment activities. In accordance with the UK group's treasury policy, the UK group does not hold or issue derivative financial instruments for trading purposes. The derivative financial instruments which do not satisfy highly probable criteria of the future forecasted transaction are recorded at FVTPL. Derivative financial instruments used by the UK group include non-deliverable forward exchange contracts (NDFs).

Notes

Forming part of the consolidated financial statements

2. Material accounting policies (continued)

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the UK group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment

Financial assets (including receivables)

The UK group and partnership recognise loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in IFRS 15). The loss allowance is measured at an amount equal to lifetime ECLs.

When estimating ECL, the UK group and partnership consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the partnership's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The UK group and partnership use an allowance matrix to measure the ECLs of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages to write-off. In addition, ECLs are measured using forward looking information as to probability of default due to specific industry and economic factors.

Non-financial assets

The carrying amounts of the UK group's and partnership's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit (or CGU)). Goodwill arising from a business combination, is allocated to CGUs.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes

Forming part of the consolidated financial statements

2. Material accounting policies (continued)

Leases

At inception of a contract, the UK group and partnership assess whether a contract is, or contains, a lease as defined in IFRS 16.

The UK group and partnership recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and, if relevant, an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The estimated useful life of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the UK group and partnership's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- lease payments in an optional renewal period if the UK group and partnership are reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the UK group and partnership are reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured if the UK group and partnership changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The UK group and partnership present right-of-use assets in 'property, plant and equipment' and lease liabilities in 'non-current liabilities' and 'current liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The UK group and partnership have elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The UK group and partnership recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes

Forming part of the consolidated financial statements

3. Accounting estimates and judgements

The preparation of consolidated financial statements in conformity with adopted IFRSs requires management to make judgements, significant estimates and assumptions that affect the application of policies and reported amount of revenue, expenses, assets and liabilities and the disclosure of contingent assets and liabilities.

These judgements and significant estimates are based on historical experience and other factors, including market data and expectations of future events that are believed to be reasonable and constitute management's best assessment at the date of the financial statements. They are continually re-evaluated, and actual experience could differ from the estimates, resulting in adjustments being required in future periods. Where appropriate, present values are calculated using discount rates reflecting the currency and maturity of the items being valued.

Key sources of judgement

Critical accounting judgements in applying the UK group's accounting policies that have the most significant effect on amounts recognised in the 2025 financial statements are as follows:

Asset Backed Funding (ABF) partnership only

As set out in more detail in note 13, under the Asset Backed Funding (ABF) agreement, the partnership has a receivable from the Scottish Limited Partnership (SLP) of £49 million (2024: £47 million). The partnership expects to recover its initial contribution of £30 million on future termination of the ABF plus an additional sum, up to a maximum £60 million.

The amount of the additional flow is determined by a number of variables, the most significant of which is considered to be non-financial in nature. Management has therefore concluded that whilst there is no embedded derivative, the receivable does not meet the 'solely principal and interest' test under IFRS 9 and has been recorded at fair value as a FVTPL asset. Fair value of £49 million (2024: £47 million) is calculated based on cashflows, discounted at the rate inherent in the ABF agreement.

Member retirement provisions

The Operating Provisions of the partnership allow for one-off member retirement payments to current retiring partners in certain circumstances, subject to prior approval by the Executive Committee. Management have assessed that no provision is required for future member retirement payments as these payments are not an additional profit allocation, but rather a reallocation of the existing profit pool between members in the year; there is therefore no additional outflow of resources required to settle the obligation. A different judgement taken in this respect would result in recognition of a liability classified as amounts due to members; a high-level actuarial exercise estimates that such a provision could be around £114 million at 30 September 2025 (2024: £118 million).

Professional claims and regulatory matters

Management have determined whether a provision, contingent liability or neither arises at the balance sheet date in respect of each individual matter and whether disclosure of the relevant matter would be seriously prejudicial to the position of the UK group. These judgements are taken by management based on all the specific circumstances in each case, taking account of all available evidence including the opinion of experts where relevant.

These professional service claims and regulatory matters, or indeed pre-action claims in some cases, are at various stages in lengthy and complex processes that have a variety of possible outcomes.

The likely outcome in any professional service claim or regulatory matter can be difficult to predict based on the evidence available, resulting in a significant level of uncertainty inherent in any assessment as to whether a provision exists at the year end. These uncertainties also mean that it is not always possible to give a reliable estimate of contingent liabilities arising from such professional service claims and regulatory matters.

No separate disclosure is made of the detail of such claims, regulatory matters and proceedings, the methodology used to measure the amount that has been provided, the uncertainties relating to the range of possible outcomes considered or the costs recoverable by insurance, because, in management's view, to do so could seriously prejudice the position of both the UK group and partnership.

Provisions of £26 million (2024: £31 million) for the UK group and partnership have been recognised in respect of all known professional claims and regulatory matters. A different judgement taken as to whether a provision, contingent liability or neither arises at the balance sheet date may affect whether a provision is recognised and the disclosures within these financial statements.

UK group undertakings

As set out in note 26, certain investee entities are not 100% owned by the UK group. A judgement is required as to whether the UK group controls these investee entities despite non-standard ownership arrangements:

- Queen Street Mutual (QSM): no ownership but power to control through power to appoint majority board members and right to entitlement to benefit from future profits or existing retained reserves;
- Operations in India: the UK group and other shareholding partners are the recipients of substantially all the services provided by the entities and will be the only source of funding to settle the entities' liabilities.

Management have assessed that QSM is a subsidiary and operations in India fall to be treated as joint operations but a different assessment of the agreements in place could have resulted in a different conclusion on control and the impact on consolidation. The change in ownership structure of the joint operations during the year (see note 10) did not change this assessment.

Notes

Forming part of the consolidated financial statements

3. Accounting estimates and judgements (continued)

KPMG UK Consolidated Financial Statements

With effect from 1 October 2024, KPMG LLP and KPMG AG merged their previously independent practices. Under IFRS 3 'Business Combinations' KPMG LLP is deemed to be the acquirer of KPMG AG. However, KPMG LLP does not exercise control over KPMG AG under IFRS 10 'Consolidated Financial Statements'. Therefore, the results and financial position of KPMG AG are not consolidated in these financial statements. A different assessment could have resulted in a different conclusion on control and the impact on these financial statements.

Key sources of estimation

Estimates that may carry a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are considered to be:

Revenue

In calculating revenue from service contracts, the UK group and partnership make certain estimates as to the extent to which performance obligations have been satisfied. In doing so, the UK group and partnership estimate the remaining time and external costs to be incurred in completing contracts. These estimates depend upon the outcome of future events and may need to be revised as circumstances change.

Certain service contracts, notably those in Advisory and Tax & Legal, require a greater degree of estimation than others, specifically those contracts that:

- are long-term, spanning a number of accounting periods, thereby extending the period over which estimation is required;
- have fee arrangements other than a simple time and materials basis, requiring an estimation as to percentage completion over time;
- have multiple deliverables, such as software implementation and support services, requiring an estimate as to revenue allocation to each deliverable or percentage completion over time if the contract is considered to be a single performance obligation.

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.

A different assessment of these estimates may impact the carrying value of contract assets recognised of £493 million (2024: £348 million) for the UK group and £465 million (2024: £320 million) for the partnership at 30 September 2025. A 5% sensitivity is considered a reasonably possible assessment of the significant risk of a material adjustment to the carrying amount of the contract asset within the next financial year and would result in a change in revenue of £25 million (2024: £17 million) for UK group and £23 million (2024: £16 million) for the partnership.

Professional claims and regulatory matters

At 30 September 2025, the provision for professional claims and regulatory matters amounted to £26 million (2024: £31 million) for UK group and partnership. Inevitably, these estimates depend on the outcome and timing of future events and may need to be revised as circumstances change. As set out on page 32, these provisions are inherently difficult to estimate. A different assessment of the likely outcome of each case or of the probable cost involved may result in a different level of provision recognised; there are reasonably possible changes to assumptions that could result in a material adjustment to the provision recognised in a future period.

Retirement benefits

The net obligations of the UK group's pension plans of £46 million (2024: £49 million) are based on certain assumptions as to mortality, using current published tables (see note 19), discount rates reflecting current market trends and inflation rates reflecting current expectations. The use of different assumptions would result in a different net obligation liability, resulting in different remeasurement gains and losses and financial expense being recognised. The impact from the use of different assumptions on the plans' liabilities are set out in the sensitivity analysis in note 19.

Notes

Forming part of the consolidated financial statements

4. Revenue

The UK group and partnership generate revenue from the provision of professional services. Revenue is generated across three capabilities – Audit, Tax & Legal (T&L) and Advisory. These capabilities reflect the categories determined for the purpose of disaggregation of revenues under IFRS 15.

2025	Audit £m	T&L £m	Advisory £m	Total £m
Net sales (as reported internally)	921	564	1,168	2,653
Recoverable expenses (as reported internally)	51	132	213	396
Gross sales (as reported internally)	972	696	1,381	3,049
Elimination of intra-UK group trading and other financial adjustments				(28)
Total UK group revenue				3,021

2024	Audit £m	T&L £m	Advisory £m	Total £m
Net sales (as reported internally)	872	525	1,215	2,612
Recoverable expenses (as reported internally)	47	132	219	398
Gross sales (as reported internally)	919	657	1,434	3,010
Elimination of intra-UK group trading and other financial adjustments				(20)
Total UK group revenue				2,990

The UK group operates almost entirely in the UK; subsidiary entities based outside the UK are immaterial for the purposes of presenting separate geographical segment information. The UK group generates 81% (2024: 82%) of its revenue from clients located in the UK; the remaining revenue is generated across clients located in a number of countries, the largest of which is the United States (2025: 5%; 2024: 5%).

Major clients

The UK group has no reliance on any one client – no more than 3% (2024: 3%) of UK group revenue and 3% (2024: 3%) of partnership revenue is attributable to the largest client.

Contract balances

Receivables, contract assets and contract liabilities from contracts with clients are included within 'Trade and other receivables' and 'Trade and other payables' respectively (notes 14 and 17).

At 30 September 2025 and 30 September 2024, all contracts with clients are materially for periods of one year or less or the right to consideration is directly aligned to the performance completed to date. The UK group and partnership have applied the practical expedient in IFRS 15 not to disclose information in respect of partially completed contracts where the period of the contract is materially one year or less.

During the financial year ended 30 September 2025, £152 million (2024: £165 million) of the UK group's and £145 million (2024: £158 million) of the partnership's contract liabilities held at 30 September 2024 were recognised as revenue.

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5. Other operating income

Included in other operating income are the following items:

	UK group	
	2025 £m	2024 £m
Charges to other KPMG International member firms	153	117
Other items including sub-let rental and shared service recharges	10	12
	163	129

Charges to other KPMG International member firms reflect recharges for staff and the provision of other services.

6. Individual members and staff

The average number of staff of the UK group by capability during the year were as follows:

	UK group		Partnership	
	2025 Number	2024 Number	2025 Number	2024 Number
Audit	5,269	5,380	5,248	5,362
Tax & Legal	2,305	2,379	2,305	2,379
Advisory	5,525	6,176	5,150	5,822
Corporate Services and Markets	2,703	2,738	2,665	2,700
	15,802	16,673	15,368	16,263

Employment costs

The aggregate employment costs of staff are set out below. These costs exclude amounts in respect of individual members receiving an allocation of profit of the partnership (see members' profit shares below).

	UK group		Partnership	
	2025 £m	2024 £m	2025 £m	2024 £m
Salaries (including bonuses)	1,324	1,333	1,302	1,314
Social security costs	153	144	152	144
Cost of retirement benefits (note 19)	63	61	63	61
Staff costs per income statement	1,540	1,538	1,517	1,519
Amounts charged to the income statement in respect of defined benefit pension plans (note 19)	5	5	5	5
Amounts recognised in the statement of comprehensive income in respect of defined benefit pension plans (note 19)	(3)	(4)	(3)	(4)
Total staff related costs	1,542	1,539	1,519	1,520

Included within staff costs are £15 million relating to staff termination costs (2024: 17 million).

Members' profit shares

Members' profit shares charged as an expense totalled £352 million for the year ended 30 September 2025, representing 75% adjusted UK group profits, being the expected allocation under the terms of the KPMG Holding LLP Partnership Agreement (2024: £287 million).

Further disclosures are given in note 25 regarding transactions with individual members who are considered to be key management.

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7. Other operating expenses

Other operating expenses of the UK group comprise UK group overhead expenses including property and IT costs such as property service and facility charges and lease related expenditure; people related costs such as training, recruitment, entertaining and subscription costs; legal and other professional service costs, including those relating to claims and regulatory proceedings; other general overhead expenses associated with the provision of professional services for the UK group such as communication, marketing and the KPMG International Levy.

	UK group	
	2025 £000	2024 £000
Auditor's remuneration:		
Audit of partnership and consolidated financial statements	735	699
Amounts receivable by auditors, of the partnership, and their associates in respect of:		
Audit of financial statements of subsidiaries	209	249
Audit related assurance services provided to the UK group	113	90
Audit of certain UK group pension plans	88	93
	1,145	1,131

Audit related assurance services of £113,000 (2024: £90,000) included services that were not related to the statutory audit of the UK group and therefore considered to be non-audit services. These services included those assurance services provided in respect of sustainability reporting and agreed upon procedures in relation to Operational Separation reporting to the Financial Reporting Council. These services also included services provided overseas for local filing and tax reporting purposes.

8. Financial income and expense

	UK group	
	2025 £m	2024 £m
Interest income	11	12
Net change on fair value of financial assets at FVTPL	1	2
Exchange gains	3	7
Financial income	15	21
Net interest expense on defined benefit pension plan liabilities (note 19)	2	3
Net finance expenses from insurance contracts (note 20)	2	2
Interest expense on lease liabilities (note 23)	10	11
Exchange losses	5	11
Financial expense	19	27

The total interest income on financial assets that were not classified as FVTPL was £11 million (2024: £12 million). The total interest expense on financial liabilities that were not classified as FVTPL was £10 million (2024: £11 million).

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9. Tax expense in corporate entities

The charge to tax arises in the corporate subsidiaries included within these financial statements and comprises:

	UK group	
	2025 £m	2024 £m
Current tax expense:		
Current tax on income of subsidiary entities for the financial year	6	5
Adjustment in respect of prior years	-	(1)
Share of overseas taxes of joint operation	10	9
Deferred tax	1	1
Total tax expense in income statement	17	14

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

	UK group	
	2025 £m	2024 Restated £m
Profit before taxation arising in UK group entities excluding KPMG LLP	88	102
Tax at 25% (2024: 25%) being the average rate of corporate taxes levied on the profits of UK group companies	22	26
Impact of tax exempt, disallowable items and similar items	(4)	(9)
Adjustment in respect of prior years	-	(1)
Effect of different overseas tax rates across the UK group	(1)	(2)
Total tax expense in income statement	17	14

The prior year comparative for 'profit before taxation arising in the UK group entities excluding KPMG LLP' has been restated to adjust for the effect of consolidation impacts.

There was no tax charge/(credit) recognised in the statement of comprehensive income (2024: Enil).

Deferred tax assets have been recognised at 30 September 2025, totalling £2 million in respect of temporary differences arising in the corporate entities (2024: £3 million). No deferred tax assets arise in respect of tax losses at 30 September 2025 or 30 September 2024.

Factors affecting the tax charge in future periods

The OECD Base Erosion and Profit Shifting Pillar Two rules, specifically the multinational and domestic top-up taxes have come into effect for the UK group for the year ended 30 September 2025. Although KPMG LLP is fiscally transparent, the partnership profits are subject to UK income tax on the partners at rates significantly higher than the minimum 15% tax rate required under Pillar 2. The effective tax rate on profits of the UK group's subsidiaries is also in most cases likely to exceed the minimum rate or fall within one of the transitional safe harbours.

Income tax expense recognised in the partnership and UK group income statement for the year ended 30 September 2025 includes £1.5 million related to Pillar Two income taxes. The group applies the IAS 12 exemption to recognising and disclosing information about deferred tax assets and liabilities relating to Pillar Two income taxes.

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10. Acquisitions and disposals

Acquisitions

During the year ended 30 September 2025, the ownership structure of the UK group's joint arrangements in India – KPMG Resource Centre Private Limited, KPMG Global Services Private Limited and KPMG Global Services Management Private Limited – changed resulting in the UK group acquiring a further 1% ownership in KPMG Resource Centre Private Limited (see note 26) and 2% ownership in KPMG Global Services Private Limited and KPMG Global Services Management Private Limited (see note 26) for total consideration of £6 million.

As set out in note 1, with effect from 1 October 2024, KPMG LLP and KPMG AG merged their previously independent practices. Under IFRS 3 'Business Combinations' KPMG LLP is deemed to be the acquirer of KPMG AG. However, KPMG LLP does not exercise control over KPMG AG under IFRS 10 'Consolidated Financial Statements' and this transaction is not treated as an acquisition by KPMG UK in these financial statements.

There were no material acquisitions during the year ended 30 September 2024.

Disposals

There were no material disposals during the year ended 30 September 2025 or 30 September 2024.

11. Property, plant and equipment

UK group

	Office buildings £m	Computer and communication equipment £m	Office furniture, fittings and equipment £m	Motor vehicles £m	Total £m
Cost					
Balance at 1 October 2023	542	130	304	31	1,007
Additions	3	7	11	4	25
Disposals	(31)	(21)	(49)	(19)	(120)
Exchange difference	(4)	-	(1)	-	(5)
Balance at 30 September 2024	510	116	265	16	907
Additions	11	7	6	3	27
Disposals	(1)	(1)	(3)	(4)	(9)
Exchange difference	(2)	-	(1)	-	(3)
Balance at 30 September 2025	518	122	267	15	922
Depreciation and impairment					
Balance at 1 October 2023	166	102	219	21	508
Charge for the year	33	16	19	3	71
Disposals	(28)	(21)	(48)	(17)	(114)
Exchange difference	(2)	-	-	-	(2)
Balance at 30 September 2024	169	97	190	7	463
Charge for the year	31	13	17	3	64
Disposals	(1)	(1)	(3)	(3)	(8)
Exchange difference	(1)	-	-	-	(1)
Balance at 30 September 2025	198	109	204	7	518
Net book value					
At 1 October 2023	376	28	85	10	499
At 30 September 2024	341	19	75	9	444
At 30 September 2025	320	13	63	8	404

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11. Property, plant and equipment (continued)

Partnership

	Office buildings £m	Computer and communication equipment £m	Office furniture, fittings and equipment £m	Motor vehicles £m	Total £m
Cost					
Balance at 1 October 2023	501	128	296	31	956
Additions	2	6	10	4	22
Disposals	(30)	(21)	(48)	(19)	(118)
Balance at 30 September 2024	473	113	258	16	860
Additions	9	6	6	3	24
Disposals	(1)	(1)	(3)	(4)	(9)
Balance at 30 September 2025	481	118	261	15	875
Depreciation and impairment					
Balance at 1 October 2023	149	101	217	21	488
Charge for the year	29	15	18	3	65
Disposals	(27)	(21)	(47)	(17)	(112)
Balance at 30 September 2024	151	95	188	7	441
Charge for the year	27	12	17	3	59
Disposals	(1)	(1)	(3)	(3)	(8)
Balance at 30 September 2025	177	106	202	7	492
Net book value					
At 1 October 2023	352	27	79	10	468
At 30 September 2024	322	18	70	9	419
At 30 September 2025	304	12	59	8	383

Property, plant and equipment includes right-of-use assets which are detailed in note 23.

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12. Intangible assets

	UK group			Partnership
	Internally generated software £m	Goodwill £m	Total £m	Internally generated software £m
Cost				
Balance at 1 October 2023	127	29	156	125
Additions	6	5	11	6
Balance at 30 September 2024	133	34	167	131
Additions	7	-	7	7
Disposals	(23)	-	(23)	(23)
Balance at 30 September 2025	117	34	151	115
Amortisation and impairment				
Balance at 1 October 2023	104	6	110	102
Charge for the year	12	-	12	12
Balance at 30 September 2024	116	6	122	114
Charge for the year	10	5	15	10
Disposals	(23)	-	(23)	(23)
Balance at 30 September 2025	103	11	114	101
Net book value				
At 1 October 2023	23	23	46	23
At 30 September 2024	17	28	45	17
At 30 September 2025	14	23	37	14

Goodwill of £23 million (2024: £28 million) has arisen on a number of business acquisitions, none of which are individually material.

In addition, the UK group has customer relationships in respect of prior acquisitions costing £14 million, fully amortised to a net book value of £nil at 30 September 2025 and 30 September 2024.

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13. Other non-current assets and liabilities

	UK group		Partnership	
	2025 £m	2024 £m	2025 £m	2024 £m
Other prepayments	-	-	38	40
Amounts due from other UK group undertakings	-	-	49	47
Other receivables	3	3	2	2
Deferred tax assets (see note 9)	2	3	-	-
Other non-current assets	5	6	89	89
Amounts due to other UK group undertakings	-	-	90	90
Other liabilities	62	58	62	57
Other non-current liabilities	62	58	152	147

Partnership

Under the ABF arrangement (see note 19), the partnership prepaid £60 million into the defined benefit plans, £52 million in the pre-2000 fund and £8 million in the TMcL fund, at the inception of the agreement. Under the agreement the SLP, a UK group entity set up on inception of the agreement, makes monthly payments totalling £4.5 million per annum to the pension plans for 25 years from the date of implementation. The prepayment of £60 million is therefore expected to reduce to £nil over the period of 25 years with the discount unwinding through financial income.

At 30 September 2025, the prepayment was £43 million (2024: £45 million); £38 million (2024: £40 million) is non-current, whilst the remaining £5 million (2024: £5 million) is current, classified as other prepayments within trade and other receivables.

In addition, at the inception of the ABF, the partnership contributed £30 million to the SLP which it expects to recover on future termination of the ABF. It is expected that the pension deficits would reduce over the period and therefore the ABF would generate a return of £60 million to the partnership at the end of the 25 year life. At 30 September 2025, a receivable balance of £49 million is classified as amounts due from other UK group undertakings within other non-current assets with the discount unwinding through financial income (2024: £47 million).

Also under the ABF, the partnership has transferred £90 million of its trade receivables to the SLP (see note 19). As the partnership retains the risks and rewards of those receivables it has a corresponding liability, reflecting the amount owed to the SLP under this agreement. A financial expense of £4.5 million (2024: £4.5 million) has been recognised in the partnership's income statement in respect of the unwinding discount on this liability.

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14. Trade and other receivables

	UK group		Partnership	
	2025 £m	2024 £m	2025 £m	2024 £m
Client receivables	562	528	536	512
Amounts due from other KPMG International member firms	121	105	103	95
Trade receivables	683	633	639	607
Contract assets	493	348	465	320
Amounts due from other UK group undertakings	-	-	98	60
Amounts due from fellow subsidiaries	8	-	8	-
Other prepayments	49	53	51	55
Other receivables	47	63	36	47
	1,280	1,097	1,297	1,089

Trade and other receivables are due within 12 months. Contract assets include £3 million (2024: £2 million) relating to contract fulfilment costs where recovery is considered probable against future revenue forecasts.

Trade receivables and contract assets are shown net of impairment losses totalling £18 million (2024: £10 million) for the UK group and £16 million (2024: £10 million) for the partnership. An aged analysis of trade receivables and the movement in the allowance for impairment in respect of trade receivables are given below. Other trade and other receivables balances are not in scope of the ECL model.

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	UK group		Partnership	
	2025 £m	2024 £m	2025 £m	2024 £m
Balance at 1 October	10	6	10	6
Utilised during the year	(3)	(3)	(3)	(3)
Impairment provision recognised in income statement	11	7	9	7
Balance at 30 September	18	10	16	10

The impairment provision recognised during the year is reflected separately in the income statement in 'impairment of trade receivables and contract assets'.

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14. Trade and other receivables (continued)

The table below provides information about the exposure to credit risk and ECLs for trade receivables as at 30 September 2025:

	Weighted average loss rate	UK group		Partnership	
		Gross 2025 £m	Gross 2024 £m	Gross 2025 £m	Gross 2024 £m
Trade receivables					
Current (not past due)	0.41%	476	474	449	450
31 - 60 days	0.73%	125	87	115	85
61 - 90 days	1.39%	51	47	49	44
91 - 120 days	2.85%	21	22	16	21
121 - 150 days	6.42%	6	2	6	4
151 - 180 days	11.15%	3	2	3	4
181 - 360 days	30.85%	11	4	10	4
More than 360 days	100%	6	5	5	5
Gross trade receivables		699	643	653	617
Gross contract assets	0.41%	495	348	467	320
		1,194	991	1,120	937
Expected credit losses		(18)	(10)	(16)	(10)
Trade receivables and contract assets, net of impairment losses		1,176	981	1,104	927

15. Other financial assets

	UK group		Partnership	
	2025 £m	2024 £m	2025 £m	2024 £m
Bonds FVTPL	28	24	-	-
Equities FVTPL	10	8	-	-
	38	32	-	-

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16. Cash and borrowings

	UK group		Partnership	
	2025 £m	2024 £m	2025 £m	2024 £m
Cash and cash equivalents – bank balances	67	201	35	166
Short-term bank borrowings	(25)	-	(25)	-

Committed bank borrowing facilities of £385 million (2024: £385 million) were available to the UK group at 30 September 2025, of which £25 million (2024: £nil) was drawn by the partnership and UK group at 30 September 2025. Of the facilities available as at 30 September 2025, £10 million (2024: £10 million) expires in one year or less, the revolving credit facility of £375 million (2024: £375 million) is due to expire in December 2027. This revolving credit facility is unsecured and availability of the facility is dependent on certain conditions, including a minimum level of individual members' capital, all of which were satisfied at 30 September 2025 and 2024 and are forecast to be met over the next 12 months.

In addition to the bank borrowing facilities, the UK group also has access to a short-term borrowing arrangement with its fellow subsidiary in Switzerland, KPMG AG. This facility is available to the UK group on demand and cancellable with one month's notice.

Liabilities arising from financing activities

Individual members' capital, lease liabilities and borrowings are all liabilities arising from financing activities, being those liabilities for which cashflows are classified as cash flows from financing activities in the UK group and partnership cash flow statement.

	UK group		Partnership	
	2025 £m	2024 £m	2025 £m	2024 £m
Individual members' capital	203	211	203	211
Lease liabilities (note 23)	386	412	363	384
Short-term borrowings	25	-	25	-
	614	623	591	595

The following table illustrates the movements in liabilities arising from financing activities, including both changes arising from cash and non-cash flows:

	UK group		Partnership	
	2025 £m	2024 £m	2025 £m	2024 £m
Cash flows from financing activities:				
Capital introduced by individual members	19	11	19	11
Repayments of capital	(15)	(15)	(15)	(15)
Payment of lease liabilities	(47)	(56)	(41)	(49)
Net inflow from bank borrowings	25	-	25	-
Non-cash flows from financing activities:				
Transfer from reserves in year	10	9	10	9
Reclassification of liabilities to former partners on retirement	(22)	(19)	(22)	(19)
Interest expense on lease liabilities	10	11	9	9
Additions to lease liabilities	13	7	11	2
Exchange differences	(2)	(3)	-	-
Net decrease in liabilities arising from financing activities	(9)	(55)	(4)	(52)
Liabilities arising from financing activities at the beginning of the year	623	678	595	647
Liabilities arising from financing activities at the end of the year	614	623	591	595

Further details on individual members' capital and lease liabilities are set out in notes 21 and 23 respectively.

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17. Trade and other payables

	UK group		Partnership	
	2025 £m	2024 £m	2025 £m	2024 £m
Accruals	254	267	245	259
Contract liabilities	132	152	131	145
Other taxes and social security	82	71	80	67
Other payables	37	44	20	15
Trade payables	32	33	32	33
Amounts due to other UK group undertakings	-	-	45	38
Amounts due to fellow subsidiaries and parent undertaking	2	-	2	-
Derivative financial instruments at Fair Value – cashflow hedge	3	2	3	2
Amounts due to other KPMG International member firms	18	7	15	7
	560	576	573	566

Included in UK group and partnership accruals at 30 September 2025 and 30 September 2024 are amounts payable to staff in respect of bonuses.

18. Provisions and contingent liabilities

UK group and partnership

	Property provisions £m	Professional claims and regulatory matters £m	Total £m
Balance at 1 October 2024	20	31	51
Transferred to accruals	(1)	-	(1)
Utilised during the year	-	(5)	(5)
Provisions recognised during the year	2	-	2
Balance at 30 September 2025	21	26	47
Non-current	21	26	47
Current	-	-	-

Property provisions for the UK group and for the partnership are expected to be utilised within the next ten years whilst provisions for professional claims and regulatory matters are expected to be utilised within the next five years.

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19. Retirement benefits

Defined contribution plans

The UK group has two contract-based defined contribution group Flexible Retirement Plans (GFRP) operating in the UK: one plan operated by Standard Life and the other by Aviva.

No contributions to the defined contribution pension plans were outstanding at the end of either the current or prior financial year.

Defined benefit plans

The UK group and partnership sponsor two defined benefit pension plans. Both pension plans are HMRC registered pension plans and subject to standard UK pensions and tax law. This means that the payment of contributions and benefits are subject to the appropriate tax treatments and restrictions and the plans are subject to the scheme funding requirements outlined in section 224 of the Pensions Act 2004.

In accordance with UK trust and pensions law, the pension plans have appointed a Trustee who is independent of the UK group. The Trustee of both pension plans is required by law to act in the best interests of the plans' participants and is responsible for setting certain policies (e.g. investment, contribution and indexation policies) of the plans. The assets of each pension plan are held separately from those of the UK group, administered by trustee directors of KPMG Pension Trust Company Limited.

The Trustee invests the assets of the plans with the aim of ensuring that all members' accrued benefits can be paid. The Trustee of the plans makes all major strategic decisions including, but not limited to, the plans' asset allocation and the appointment and termination of fund managers. When making such decisions, and when appropriate, the Trustee takes proper written advice. The Trustee has established an Investment Committee to monitor the operation of the plans' investment strategy, make day-to-day decisions as necessary for the smooth running of the plans, and make recommendations to the Trustee on overall strategy. This structure has been established in order to ensure that decisions are taken by those who have the appropriate training and expertise.

The KPMG Staff Pension Fund – pre-April 2000 fund

The KPMG Staff Pension Fund – pre-April 2000 fund (the 'pre-2000 fund') provides benefits based on members' average salary. It was closed to new entrants and ceased future service accrual on 1 April 2000. The weighted average duration of the defined benefit obligation for the pre-2000 fund is approximately 10.5 years.

An actuarial valuation of the pre-2000 fund was completed by Matt Collinson of Isio group Limited, the Scheme Actuary, as at 31 March 2023. The results of this valuation were used in the preparation of these disclosures and have been updated to 30 September 2025. This valuation resulted in an actuarially assessed funding surplus, including the value of the Asset Backed Funding (ABF) agreement (see page 47). Analysis carried out by the Scheme Actuary has also informed the demographic assumptions used in these financial disclosures.

The Trustee of the pre-2000 fund and the UK group agreed at the time of the 2020 funding valuation that future expenses and administrative costs (including levies paid to the Pension Protection Fund and other bodies) are payable from the pre-2000 fund assets and this practice has continued following completion of the 2023 valuation.

The KMG Thomson McLintock Pension Scheme

The KMG Thomson McLintock Pension Scheme (the 'TMcL plan') is a defined benefit plan providing benefits based on final pensionable pay. It is closed to new entrants and ceased future service accrual on 1 April 2016. The weighted average duration of the defined benefit obligation for the TMcL plan is approximately 9.2 years.

An actuarial valuation of the TMcL plan was completed by Matt Collinson of Isio group Limited, the Scheme Actuary, as at 31 March 2023. The results of this valuation were used in the preparation of these disclosures and have been updated to 30 September 2025. This valuation resulted in an actuarially assessed funding surplus including the value of the ABF agreement (see page 47). Analysis carried out by the Scheme Actuary has also informed the demographic assumptions used in these financial disclosures. The Trustee of the TMcL plan and the UK group agreed at the time of the 2017 valuation that future expenses for the TMcL plan are met by the plan and this practice has continued following the completion of the 2023 valuation.

Defined benefit pension plans – valuation and disclosure

Valuations of the defined benefit pension plans have been provided on an IAS 19 'Employee Benefits' (IAS 19) basis as at 30 September 2025 and 30 September 2024 by KPMG's professionally qualified in-house actuaries.

The deficit position for the pre-2000 fund has slightly reduced and the surplus in the TMcL plan has remained the same over the year to 30 September 2025, due to an increase in the discount rate and lower future inflation expectations which reduced the defined benefit obligation, partially offset by a fall in the value of assets.

Minimum funding requirements

The UK group and partnership have determined that, in accordance with the terms and conditions of the defined benefit plans, the UK group has an unconditional right to a refund of surplus from both the TMcL plan and the pre-2000 fund under IFRIC 14.11 (b), assuming the gradual settlement of plan liabilities over time until all members have left the plan, at which point any surplus would be returned to the employer.

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19. Retirement benefits (continued)

Risks

The pension plans expose the UK group to several key risks, the most significant of which are detailed below:

Default risk – the pre-2000 fund and the TMcL plan have a credit-based investment strategy based on buying and holding credit instruments which are expected to deliver the income required in order to pay members' pensions, reducing the volatility of the financial position of the schemes. One of the key risks of this type of 'buy and hold' strategy is default risk, the risk that the credit instruments don't deliver the expected income due to default. This risk is managed by investing primarily in investment grade credit instruments which are expected to have a lower risk of default as well as investing in a well diversified portfolio of assets.

Reinvestment risk – the 'buy and hold' strategy mentioned above generates excess asset income in the short-term which would need to be reinvested in the future in order to continue meeting the expected benefits for members over the longer term. There is a risk that this income is reinvested at worse terms than assumed, which might mean that further contributions are required from the UK group in the future. The scenario where this may apply (narrowing credit spreads) is likely to be during a more buoyant economic environment which is likely to be beneficial for the UK group more generally.

Mortality risk – the assumptions adopted by the UK group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the pre-2000 fund and the TMcL plan and consequently increases in the liabilities. The UK group and Trustee of each plan review the mortality assumptions on a regular basis to minimise the risk of using an inappropriate assumption. The UK group has updated their mortality assumption as at 30 September 2025 to reflect the latest available data from the CMI 2024 mortality projections model.

Other matters

The UK group expects to contribute approximately £4.5 million (which is made up entirely of payments from the ABF arrangement – see below) to its defined benefit pension plans in the next financial year.

Effective from 29 September 2014, KPMG LLP entered into an ABF agreement with the pension plans through the establishment of a Scottish Limited Partnership (SLP). Under this agreement, the beneficial interest in certain trade receivables to a fair value of £90 million was transferred to the SLP. The transfer was effected via a receivables purchase agreement, which sets out how £90 million of the UK group's receivables will be transferred to the SLP for a 25-year period from the date of implementation.

The plans have a limited interest in the SLP and are entitled to combined annual distribution from the profits of the SLP of £4.5 million (£3.9 million pre-2000 fund; £0.6 million TMcL plan) payable monthly for 25 years from the date of implementation. The payments to a plan will cease if it reaches a fully funded status determined using a low-risk measure of the plan's liabilities.

The SLP is controlled by the UK group and its results are consolidated by the UK group. The UK group's statement of financial position, IAS 19 deficit and income statement are unchanged by the establishment of the SLP. The investment held by the plans in the SLP does not qualify as a plan asset for the purposes of the UK group's financial statements and is therefore not included within the fair value of plan assets. The value of the trade receivables transferred to the SLP remains on the UK group's statement of financial position.

As a result of the transactions under the ABF, the partnership's statement of financial position, at the inception of the agreement, was changed to reflect its receivable from the SLP of £30 million, prepayment of contributions to the pension funds of £60 million and a liability of £90 million arising under the receivables purchase agreement. The IAS 19 deficit and income statement were unchanged.

Because taxation in the partnership is a personal liability of the individual members, no deferred tax on the plans' balances falls to be recorded in the financial statements of both the UK group and partnership.

The Virgin Media Limited vs NTL Pension Trustees II

On 16 June 2023 the High Court handed down its decision in *The Virgin Media Limited v NTL Pension Trustees II* which concerned the implications of section 37 of the Pensions Schemes Act 1993. On 25 July 2024 it was announced that the Court of Appeal upheld the High Court ruling, confirming that the requirement to obtain section 37 confirmation on rule alterations applies to both past and future service rights. On 25 September 2025, the government published draft amendments to the Pensions Scheme Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards.

The Trustee has taken legal advice to determine the possible implications for the pre-2000 and the TMcL plan. The pre-2000 fund was not contracted out at any time and therefore is not impacted by the court ruling. For the TMcL plan, the legal advice concluded that as the TMcL plan only has one deed in scope of the ruling, which has a section 37 confirmation attached to it, the court ruling has no impact on the TMcL plan and no provision is required in the financial statements.

Notes

Forming part of the consolidated financial statements

19. Retirement benefits (continued)

UK group and partnership

The cost of employee benefits included within personnel costs of the UK group for the year was:

	2025 £m	2024 £m
Contributions to defined contribution schemes	63	61
Cost of retirement benefits	63	61

The net financing cost of £2 million (2024: £3 million), administration costs of £3 million (2024: £2 million) and remeasurement gains of £3 million (2024: £4 million gains) relating to defined benefit pension plans are also considered to be a part of the net cost of retirement benefits.

Composition and fair value of plan assets

The fair values of the plans' assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the plans' liabilities, which are derived from cash flow projections over long periods and thus are inherently uncertain, were:

	TMcL plan		Pre-2000 fund	
	2025 £m	2024 £m	2025 £m	2024 £m
Quoted in an active market				
Debt instruments				
UK government fixed interest	39	17	226	149
UK government index-linked	27	32	57	68
Corporate bonds	27	64	110	256
Investment funds				
Multi-Asset Credit	11	11	45	45
Cash and cash equivalents				
Cash	5	9	8	21
Derivatives				
Credit contracts	(29)	(27)	(123)	(104)
Asset backed securities	18	-	79	-
Not quoted in an active market				
Investment funds				
Distressed debt fund	-	1	-	3
Fair value of plan assets	98	107	402	438
Present value of funded defined benefit obligations	(97)	(106)	(449)	(488)
Net asset/(liability) in the statement of financial position	1	1	(47)	(50)

The plans' assets do not include any of the UK group's own transferable financial instruments, property occupied by, or other assets used by the UK group. A key component of the Trustees' investment strategy for the TMcL plan and the pre-2000 fund is liability-driven investments ('LDI') whose values increase and decrease with movements in the liabilities of each arrangement.

These LDI portfolios are made up of physical holdings of government bonds as well as sale and repurchase agreements ('gilt repos') of government bonds in order to achieve the objectives of the LDI portfolio in a capital efficient way. The negative values shown for the 'credit contracts' in the table above represent the cash obligation for repurchase of the government bonds under the gilt repo arrangements within the LDI portfolio and the values included under the 'debt instruments' in the table above include the value of government bonds which have been 'sold' as part of the sale and repurchase agreements within the LDI portfolio.

Notes

Forming part of the consolidated financial statements

19. Retirement benefits (continued)

Movements in present value of obligations

Movements in the present value of the funded defined benefit obligations for the plans were as follows:

	TMcL plan		Pre-2000 fund	
	2025 £m	2024 £m	2025 £m	2024 £m
Benefit obligation at start of year	(106)	(104)	(488)	(468)
Interest on obligations	(5)	(5)	(23)	(25)
Remeasurement (loss)/gain arising from changes in demographic assumptions	(1)	-	(4)	1
Remeasurement gain/(loss) arising from changes in financial assumptions	8	(5)	37	(26)
Remeasurement (loss)/gain arising from experience on the plan's liabilities	(1)	-	(1)	-
Benefits paid	8	8	30	30
Benefit obligation at end of year	(97)	(106)	(449)	(488)
Of which: amounts owing to active members	-	-	-	-
Of which: amounts owing to deferred members	(17)	(18)	(193)	(207)
Of which: amounts owing to pensioner members	(80)	(88)	(256)	(281)

There have been no plan amendments, curtailments or settlements for either the TMcL or pre-2000 plan during either period.

Movements in fair value of assets

Movements in the fair value of the plans' assets were as follows:

	TMcL plan		Pre-2000 fund	
	2025 £m	2024 £m	2025 £m	2024 £m
Fair value of plan assets at start of year	107	104	438	415
Interest income	5	5	21	22
Return on plan assets, excluding interest income	(6)	5	(29)	29
Contributions by employer	1	1	4	4
Administrative expenses	(1)	-	(2)	(2)
Benefits paid	(8)	(8)	(30)	(30)
Fair value of plan assets at end of year	98	107	402	438

Components of pension expense in the income statement

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

	2025 £m	2024 £m
Other operating expenses – Administration costs	3	2
Finance income and expense – Net interest expense on net defined benefit obligations (note 8)	2	3
Total expense recognised in the income statement	5	5

Notes

Forming part of the consolidated financial statements

19. Retirement benefits (continued)

Remeasurements recognised in the statement of comprehensive income

The amounts recognised in the consolidated statement of comprehensive income in respect of the defined benefit pension plans are as follows:

	TMcL plan		Pre-2000 fund	
	2025 £m	2024 £m	2025 £m	2024 £m
Remeasurement (loss)/gain arising from changes in demographic assumptions	(1)	-	(4)	1
Remeasurement gain/(loss) arising from changes in financial assumptions	8	(5)	37	(26)
Remeasurement (loss)/gain arising from experience on the plan's liabilities	(1)	-	(1)	-
Return on plan assets, excluding interest income	(6)	5	(29)	29
Total remeasurements recognised in statement of comprehensive income	-	-	3	4

Remeasurement gains and losses arise as a result of changes in assumptions or represent experience adjustments.

Remeasurement gains and losses are recognised in the statement of comprehensive income in the period in which they occur.

Assumptions

Under IAS 19 measurement of plan liabilities must be calculated under the projected unit method, which requires certain demographic and financial assumptions. The assumptions used are applied for the purposes of IAS 19 only.

The significant financial and other assumptions used to calculate the liabilities over the life of the plans on an IAS 19 basis were:

Actuarial assumptions

	2025 %	2024 %
Discount rate to calculate defined benefit obligation	5.60	4.90
Discount rate to calculate pension expense	5.35	4.90
Increase of pensions in payment (RPI linked)	2.85	3.05

Both plans have been valued using mortality assumptions which retain an allowance for future improvement in longevity. The mortality tables used for the plans at 30 September 2025 were 93% (pre 2000-fund) and 94% (TMcL plan) of the SAPS Series 3 tables with CMI 2024 projections using a long term trend rate of 1.25% p.a, an initial addition parameter of 0.25% and default other parameters for both males and females (2024: 93% (pre 2000-fund) and 94% (TMcL plan) of the SAPS Series 3 tables with CMI 2023 projections using a long term trend rate of 1.25% p.a., a smoothing parameter of 7.0 and an initial addition parameter of 0.25% and 2020, 2021, 2022 and 2023 weight parameter of 0%, 0%, 15% and 15% respectively for both males and females).

These tables lead to life expectancies as follows:

	2025 Years	2024 Years
Retiring today, age 60		
Males	27.1	26.8
Females	29.7	29.6
Retiring at age 60, currently aged 45		
Males	28.2	27.9
Females	30.8	30.7

Notes

Forming part of the consolidated financial statements

19. Retirement benefits (continued)

Sensitivity analysis

The principal actuarial assumptions all have a significant effect on the valuation of the defined benefit obligations. The following table shows the sensitivity of the value of the plans' liabilities to changes in these assumptions.

		Impact on plan liability (decrease)/increase					
		2025			2024		
Assumption	Change in assumption	TMcL plan £m	Pre-2000 fund £m	Total £m	TMcL plan £m	Pre-2000 fund £m	Total £m
Discount rate	Increase by 0.5%	(4)	(21)	(25)	(5)	(25)	(30)
Increase of pensions in payment (RPI linked)	Increase by 0.5%	1	7	8	2	8	10
Life expectancy	Increase by 1 year	2	11	13	4	15	19

These sensitivities are based on a change in one assumption while holding all other assumptions constant, so that interdependencies between the assumptions are excluded. The methodology applied is consistent to that used to determine the benefit obligation.

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Forming part of the consolidated financial statements

20. Insurance contracts liabilities

Insurance contract liabilities reflect those liabilities for former partner annuities:

	UK group and partnership	
	2025 £m	2024 £m
Liability at 1 October	41	42
Experience adjustments	(3)	1
Finance expense – discount unwinding	2	2
Claims paid	(4)	(4)
Liability at 30 September	36	41
Non-current	32	37
Current	4	4

The table below presents the maturity analysis of the insurance contracts that are in a liability position based on the estimated timing of the remaining contractual discounted cash flows:

	2025 £m	2024 £m
Within 12 months of the year-end	4	4
Between 1-5 years	12	13
Between 5-15 years	15	17
In more than 15 years	5	7
	36	41

The principal assumptions used in measuring the insurance contract liability are that increases in annuities payable will continue to follow the retail price index as this is the specific obligation set out in the underlying commitment and that, after application of mortality rates, the resulting amounts are discounted at the rates set out below:

	2025 %	2024 %
Discount rate	5.90	5.45
Inflation rate (retail price index)	2.95	3.25

The assumed discount rate and inflation rate both have an effect on the insurance contract liability. The following table shows the sensitivity of the value of the member annuities liability to changes in these assumptions; these changes in valuation would impact profit before taxation and equity to the same extent:

Assumption	Change in assumption	Impact on annuity liability (decrease)/increase	
		£m	%
Discount rate	Increase by 0.50%	(1)	(2)
Inflation rate	Increase by 0.50%	2	2

Notes

Forming part of the consolidated financial statements

21. Equity, individual members' capital and other interests

Equity

UK group and partnership

Other members' interests classified as equity includes members' other reserves comprising certain amounts retained from profits arising in previous years pending their allocation to members and foreign currency translation reserves in respect of overseas subsidiaries. Also included in members' other reserves are remeasurement gains and losses arising on the defined benefit pension plans (see note 19) and gains and losses arising on cashflow hedges (see note 22).

Individual members' capital

UK group and partnership

The UK group is financed by individual members' capital. In addition, the working capital and longer-term requirements of the UK group will be met by the bank facilities (see note 16). The phasing of member distributions may also be altered to give further flexibility to meet finance requirements. The UK group's capital structure is regularly reviewed to ensure it remains relevant for the business. Movements in individual members' capital can be found in note 16.

At 30 September 2025, individual members' capital owed to former partners totalled £77 million, £62 million of which was classified as a non-current liability (2024: £57 million) and the remaining £15 million as a current liability (2024: £11 million).

Amounts due to members

In addition to other members' interests classified as equity, members' interests also comprise amounts due to members.

Amounts due to members classified as current liabilities of £246 million (2024: £160 million) reflect Amounts due to members of £346 million (2024: £207 million) offset by Amounts due from members of £100 million (2024: £47 million). These balances relate to tax withheld from allocated profits to individual members, the adjusted group accounting profits which fall to be recognised as a liability (see note 6) and certain historical reserves allocated to individual members following a member vote, less amounts paid to individual members during the year as drawings or profit shares. There are no loans or other amounts payable to members. In the event of a winding up, amounts due to members may be set-off against amounts due from members but would otherwise rank (with individual members' capital) after unsecured creditors.

22. Financial instruments

Risk management framework

The UK group's principal financial instruments arise directly from its operations. Individual members' capital and amounts due to and from members also fall to be treated as financial instruments. The main purpose of these financial instruments is to finance the operations of the UK group.

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

During the year, the KPMG Holding LLP Board had overall responsibility for the establishment and oversight of the risk management framework. The risk management policies are established to identify and analyse the risks faced by the UK group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The UK group, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Further quantitative disclosures are included throughout these financial statements.

Notes

Forming part of the consolidated financial statements

22. Financial instruments (continued)

a) Accounting classifications and fair values

The estimated fair values of the UK group's financial assets and liabilities approximate their carrying values at 30 September 2025 and 2024, largely owing to their short maturity. The bases for determining fair values are disclosed in note 1.

The table below shows the classification and carrying amounts of the UK group's and partnership's financial assets and financial liabilities. The only assets designated at fair value for the UK group and partnership are other financial assets and non-current assets shown in the table below.

Assets designated at fair value are classified as Level 1 (bonds and equities), Level 2 (derivatives) and Level 3 (investments and non-current amounts due from other UK group undertakings). Level 2 assets have been valued using market inputs whilst Level 3 assets have been valued using discounted cash flows. There have been no transfers between Level 1 and 2 during the current or prior year.

	Note	UK group		Partnership	
		2025 £m	2024 £m	2025 £m	2024 £m
At amortised cost					
Trade and other receivables	14	1,231	1,044	1,246	1,034
Other non-current assets	13	3	3	2	2
Cash and cash equivalents	16	67	201	35	166
Total financial assets at amortised cost		1,301	1,248	1,283	1,202
Financial assets designated as at fair value through profit or loss					
Other financial assets	15	38	32	-	-
Other non-current assets	13	-	-	49	47
Total financial assets at fair value through profit or loss		38	32	49	47
Total financial assets		1,339	1,280	1,332	1,249
Non-derivative financial liabilities measured at amortised cost					
Amounts due to members		246	160	246	160
Lease liabilities	23	386	412	363	384
Individual members' capital	16	203	211	203	211
Trade and other payables	17	226	252	244	253
Short-term bank borrowing	16	25	-	25	-
Other non-current liabilities	13	62	58	152	147
Total non-derivative financial liabilities measured at amortised cost		1,148	1,093	1,233	1,155
Financial liabilities designated as hedging instruments and measured at fair value					
Other financial liabilities	17	3	2	3	2
Total financial liabilities at fair value – in hedge accounting		3	2	3	2
Total financial liabilities		1,151	1,095	1,236	1,157
Total net financial instruments		188	185	96	92

Notes

Forming part of the consolidated financial statements

22. Financial instruments (continued)

b) Market risk

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

The UK group uses derivatives on a case-by-case basis in order to manage market risks. The UK group does not hold or issue derivative financial instruments for trading purposes.

Interest rate risk

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

The financial assets and liabilities of the UK group and partnership are non-interest bearing, with the exception of the following:

	Note	UK group		Partnership	
		2025 £m	2024 £m	2025 £m	2024 £m
Fixed rate instruments					
Lease liabilities	23	(386)	(412)	(363)	(384)
Bonds	15	28	24	-	-
Variable rate instruments					
Cash and cash equivalents	16	67	201	35	166
Short-term bank borrowings	16	(25)	-	(25)	-

Cash flow sensitivity analysis for variable rate instruments

A reasonable change in interest rates is not expected to have a material impact on UK group profits, therefore, no sensitivity analysis has been disclosed.

Exchange rate risk

The functional currency of the partnership is pounds sterling. The functional currencies of other UK group entities are assessed individually and are considered to be pounds sterling, euro, US dollar and Indian rupee. However, certain expenses and charges from other KPMG International member firms or other international relationships are denominated in currencies other than the functional currency of the entities within the UK group. In addition, some fees are rendered in other currencies where this is requested by the clients involved.

The UK group maintains currency cash balances in order to cover exposure to existing foreign currency receivables and payables and also to committed future transactions denominated in a foreign currency.

In respect of other monetary assets and liabilities denominated in foreign currencies, the UK group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

As set out above, the UK group trades in its functional currency and so does not generally have material receivable and payable balances denominated in non-functional currencies.

Foreign currency balances represented 5% (2024: 5%) of total current assets and 2% (2024: 1%) of total current liabilities at 30 September 2025. A reasonable change in closing exchange rates is not expected to have a material impact on UK group profits, therefore, no sensitivity analysis has been disclosed.

The UK group uses derivative financial instruments to manage exposures to movements in exchange rates arising from transactions of their forecasted payments denominated in Indian Rupee to be made to KPMG Global Services Private Limited (KGS) and KPMG Resource Centre Private Limited (KRC) which are subject to foreign exchange risk due to the functional currency of the UK group being pounds sterling.

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Forming part of the consolidated financial statements

22. Financial instruments (continued)

Foreign currency exposures are hedged primarily using non-deliverable forward exchange contracts (NDFs) covering up to 100% of forecast direct exposures on a rolling basis. NDFs used to hedge forecast currency requirements are designated as cash flow hedges with fair value movements recognised directly in equity. Derivative financial instruments that were designated as cash flow hedges during the year were effective.

The UK group designates the spot element of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The forward elements of forward exchange contracts are excluded from the designation of the hedging instrument and are separately accounted for as a cost of hedging, which is recognised directly in equity in a cost of hedging reserve. The UK group's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The UK group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The UK group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item.

In these hedge relationships, the main sources of ineffectiveness are:

- Changes in the timing of the cash flows relating to the hedged item;
- A reduction in the total amount of the hedged item; and
- A change in the credit risk of the Company or the Counterparty to the hedging instrument.

The fair value of a derivative financial instrument represents the difference between the value of the outstanding contracts at their contracted rates and a valuation calculated using the forward rates of exchange and interest rates prevailing at the balance sheet date; an independent bank valuation is used to value the financial instruments at the year end. Derivative financial instruments are classified as Level 2 as all significant inputs to the valuation model used are based on observable data and are not traded in an active market.

At 30 September 2025, the notional value of open NDFs of £51 million (2024: £84 million) had been entered into, to hedge purchases in foreign currencies which will mature over the next 12 months; the fair value of foreign currency NDFs (recognised in other comprehensive income) as at 30 September 2025 was £3 million loss (2024: £2 million loss) which is not material. The average foreign exchange rate applicable to the NDFs was 116.4 (2024: 109.44).

The following table provides a movement in the foreign exchange hedging reserve for the UK group and partnership:

	Cash flow hedging reserve		Cost of hedging reserve	
	2025 £m	2024 £m	2025 £m	2024 £m
Balance at beginning of year	(1)	2	(1)	-
Change in fair value recognised in other comprehensive income	-	(4)	-	-
Amount reclassified to costs within profit or loss statement	2	1	(2)	(1)
Balance at end of year	1	(1)	(3)	(1)

There was no hedge ineffectiveness recognised in the UK group or partnership income statement for the year ended 30 September 2025.

Equity price risk

Equity price risk arises from FVTPL equity securities. Material investments within the portfolio are managed in line with an agreed investment strategy.

The primary goal of the UK group's investment strategy is to maximise investment returns; management is assisted by external advisers in this regard. In accordance with this strategy certain investments are designated at FVTPL because their performance is actively monitored and they are managed on a fair value basis.

The only financial assets which are considered to be exposed to equity price risk are equity securities, totalling £10 million (2024: £8 million).

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22. Financial instruments (continued)

c) Credit risk

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

Trade and other receivables

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

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

The UK group establishes allowances for impairment that represent its estimate of expected credit losses in respect of trade and other receivables and investments.

Impairment information is included in note 14. There are no significant impairment provisions against the other classes of assets.

Securities, other investments and derivatives

Cash investments are made only in liquid securities, mainly fixed-term deposits or government or high-quality corporate bonds and are monitored regularly. Derivatives are concluded with high-quality counterparties (A rated as per Standard & Poor Credit rating in 2024) only and are monitored regularly. However, the partnership also considers other factors that may influence the credit risk of its derivative valuation, including the immaterial year end balances and short maturity which is less than 12 months. These financial assets are measured at fair value and carrying amount reflects the contractual cash flows due to the short maturity of less than 12 months.

The maximum exposure to credit risk is represented by the carrying amount of the UK group's and partnership's financial assets as set out in the table in section a) on page 54.

d) Liquidity risk

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

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

The Treasury function monitors the UK group's significant cash positions daily and it is the UK group's policy to use finance facilities or to invest surplus funds efficiently.

Limits are maintained on amounts to be deposited with each banking counterpart and these are reviewed regularly in the light of market changes.

The UK group has access to committed overdraft and revolving credit facilities which are drawn down as required (see note 16).

The UK group and partnership have non-derivative financial liabilities as set out in the table on page 54. All of those financial liabilities are measured at amortised cost. In each case except lease liabilities (see note 23), the carrying amount reflects the contractual cash flows due to the short maturity. In the case of the partnership only, non-current amounts due to other UK group undertakings of £90 million (2024: £90 million) has a maturity of 14 years but is matched by non-current and current receivables.

Notes

Forming part of the consolidated financial statements

23. Leases

Leases as a lessee

The UK group and partnership lease a number of office facilities. The periods of the leases vary between 1-25 years; lease payments are generally subject to rent review every five years. The UK group also leases certain IT equipment, IT data storage facilities, office equipment and motor vehicles. These leases typically run for a period of four years. With the exception of short-term leases and leases of low-value assets, each lease is reflected in the statement of financial position as a right-of-use asset, within property, plant and equipment, and a lease liability.

The lease agreements do not impose any covenants, but each lease imposes a restriction that, unless there is a contractual right for the UK group and partnership to sublet the asset to another party, the right-of-use asset can only be used by the UK group and partnership. Leases are either non-cancellable or may be cancelled by exercising an earlier break date.

Some leases contain an option to extend the lease for a further term. The UK group and partnership are prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings the UK group and partnership must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the UK group and partnership must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

Right-of-use assets

At 30 September 2025 property, plant and equipment includes right-of-use assets as follows:

	Office buildings £m	Computer and communication equipment £m	Office furniture, fittings and equipment £m	Total £m
Net book values				
UK group				
Balance at 1 October 2023	376	3	5	384
Additions	3	1	1	5
Disposals	(3)	-	-	(3)
Depreciation charge for the year	(33)	(2)	(1)	(36)
Exchange differences	(2)	-	-	(2)
Balance at 30 September 2024	341	2	5	348
Additions	11	1	-	12
Depreciation charge for the year	(31)	(2)	(1)	(34)
Exchange differences	(1)	-	-	(1)
Balance at 30 September 2025	320	1	4	325
Partnership				
Balance at 1 October 2023	352	2	-	354
Additions	2	-	-	2
Disposals	(3)	-	-	(3)
Depreciation charge for the year	(29)	(1)	-	(30)
Balance at 30 September 2024	322	1	-	323
Additions	9	1	-	10
Depreciation charge for the year	(27)	(1)	-	(28)
Balance at 30 September 2025	304	1	-	305

Notes

Forming part of the consolidated financial statements

23. Leases (continued)

Lease liabilities

Maturity analysis – contractual undiscounted cash flows are set out as follows:

	UK group		Partnership	
	2025 £m	2024 £m	2025 £m	2024 £m
Within 1 year	36	36	30	30
Between 1-5 years	151	165	135	146
More than 5 years	267	284	261	276
Total undiscounted lease liabilities at 30 September	454	485	426	452
Lease liabilities included in the statement of financial position at 30 September:	386	412	363	384
Current	26	27	22	22
Non-current	360	385	341	362

Movement in lease liabilities

Movements in lease liabilities during the year are as set out below:

	UK group		Partnership	
	2025 £m	2024 £m	2025 £m	2024 £m
Recognised on 1 October	412	453	384	422
Additions and adjustments	13	7	11	2
Lease payments	(47)	(56)	(41)	(49)
Interest expense on lease liabilities	10	11	9	9
Exchange differences	(2)	(3)	-	-
	386	412	363	384

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss:

	UK group		Partnership	
	2025 £m	2024 £m	2025 £m	2024 £m
Interest expense on lease liabilities	10	11	9	9
Expenses relating to leases of low-value assets accounted, excluding short-term leases of low-value assets	1	1	-	-

24. Commitments

Capital commitments for contracted purchases of property, plant and equipment at the end of the financial year, for which no provision has been made, were £5 million (2024: £1 million) for both the UK group and partnership. These commitments are expected to be settled in the following financial year.

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25. Related parties

The UK group has a related party relationship with its key management, considered to be the individual members of the Board and the Executive Committee who were also individual members of the partnership.

Transactions with key management

During the year, the individual members of the UK Board and the Executive Committee were responsible for planning, directing and controlling the activities of the UK group. The UK individual members of the Board and the Executive Committee all share in the profits of the partnership and the following disclosures relate to those individual members only.

The partnership does not finalise the division of profits amongst members until after the financial statements have been finalised and approved by the members. The estimated profit entitlement due to the partnership's key management in respect of the current year totalled £21.8 million (2024: £23.3 million).

There were no balances due to key management at 30 September 2025 or 2024 save in respect of relevant shares of profit (or related taxation), shares of historical reserves and individual members' capital.

Amounts due to key management of the partnership and the UK group are as follows:

	2025 £m	2024 £m
Amounts due to key management	(25)	(27)

Total individual members' capital invested by key management in the partnership amounted to £11 million at 30 September 2025 (2024: £13 million).

Transactions with fellow UK group entities

Transactions with fellow UK group entities mainly reflect appropriate charges for the cost of shared services. The transactions and year-end balances between the partnership and fellow UK group entities are set out below:

	Partnership	
	Services provided by fellow UK group entities £m	Services provided to fellow UK group entities £m
2025		
UK group undertakings – other services provided	149	36
UK group undertakings – provision of staff	8	111
2024		
UK group undertakings – services provided	166	35
UK group entities – provision of staff	9	85

Also during the year ended 30 September 2025 the partnership received dividends of £34 million (2024: £49 million) and interest of £5 million (2024: £5 million) from UK group undertakings and paid interest of £5 million (2024: £5 million) to UK group undertakings.

At 30 September 2025 amounts due from UK group undertakings totalled £98 million (2024: £60 million) and amounts due to UK group undertakings totalled £45 million (2024: £38 million).

Transactions with fellow KPMG Holding group entities

Transactions with fellow KPMG Holding group entities mainly reflect sub-contracting services provided in the delivery of client services and appropriate charges for the cost of shared services.

During the year ended 30 September 2025, the partnership and UK group generated revenue of £51 million as a result of client services provided to KPMG AG, a fellow KPMG Holding group subsidiary and incurred costs relating to client services of £9 million. The partnership and UK group also incurred £1 million cost from KPMG Holding LLP, the ultimate parent entity, for the cost of shared services.

Amounts due from fellow group undertakings totalled £8 million (2024: £nil) and amounts due to fellow group undertakings totalled £2 million (2024: £nil) at 30 September 2025.

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26. UK group undertakings

All of the UK group and partnership's investments in subsidiaries and joint arrangements at 30 September 2025 are listed in the table below.

All subsidiary undertakings are consolidated within these financial statements. All trading subsidiaries make up their accounts to 30 September. The joint operations provide management information at 30 September for the purposes of UK group reporting. All entities prepare their accounts under uniform accounting policies and operate principally in their country of incorporation.

	Incorporated in	Principal activity	Regulatory status	% of ordinary shares held
Subsidiary undertakings				
KPMG UK Holdings Limited	England ³	Holding company	UK registered auditor	100
KPMG Audit Limited	England ³	Dormant	None	100 ²
KPMG United Kingdom Limited	England ³	Advisory services	None	100 ²
KPMG UK Limited	England ³	Dormant	None	100 ²
KPMG Overseas Services Limited	England ³	Advisory services	UK registered auditor	100 ²
KPMG Archer (US) Limited	England ³	In liquidation	None	100 ²
KPMG Pension Trust Company Limited	England ³	Trust company	None	100
KPMG Pension Funding (GP) Limited	Scotland ⁴	General Partner of SLP	None	100
KPMG Nunwood Holdings Limited	England ³	Holding company	None	100 ²
KPMG Nunwood Consulting Limited	England ³	Advisory services	None	100 ²
KPMG UK (Transatlantic) LLC	United States of America ⁵	Dormant	None	100 ²
KPMG Boxwood Limited	England ³	Dormant	None	100 ²
Queen Street Mutual Company PCC Limited	Guernsey ⁶	Insurance	Guernsey Insurer	0 ¹
K Nominees Limited	England ³	Dormant	None	100 ²
Daymer International Limited	England ³	Dormant	None	100 ²
KPMG Investments Malta Limited	Malta ⁷	Holding company	None	100 ²
Crimsonwing Limited	Malta ⁷	Holding company	None	100 ²
KPMG Crimsonwing Limited	England ³	Advisory services	None	100 ²
KPMG Crimsonwing (Malta) Limited	Malta ⁸	Advisory services	None	100 ²
KPMG Limited	Gibraltar ⁹	Audit services	Gibraltar registered auditor	100 ²
KPMG Advisory Limited	Gibraltar ⁹	Advisory services	None	100 ²
4D Insight Limited	England ³	In liquidation	None	100 ²
KPMG Acceleris Limited	England ³	Advisory services	None	100 ²
Joint operations				
KPMG Resource Centre Private Limited	India ⁹	Internal support services	None	51 ²
KPMG Global Advisory Holdings (Bermuda) LP	Bermuda ¹⁰	Holding company	None	35 ²
GKAS (Mauritius) Limited	Mauritius ¹¹	Holding company	None	35 ²
KPMG Global Services Management Private Limited	India ¹²	Internal advisory support services	None	35 ²
KPMG Global Services Private Limited	India ¹²	Internal advisory support services	None	35 ²

1 KPMG LLP has a 100% interest in the UK related net assets of this company through its right to control the Board and its right to entitlement to benefit from future profits or existing retained reserves arising from those assets.

2 Held indirectly through intermediate holding companies.

Registered offices:

3 15 Canada Square, Canary Wharf, London, E14 5GL

4 Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD

5 The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County, Delaware, 19801

6 Doréy Court, Admiral Park, St. Peter Port, Guernsey CI, GY1 4AT

7 Lignum House, Aldo Moro Road, Marsa, MRS 9065, Malta

8 3B Leisure Island Business Centre, Ocean Village, Gibraltar

9 5th Floor, Tower C, Building No 10, DLF Cyber City, Phase – II Gurgaon, Gurgaon HR 122002, India

10 Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda

11 C/o Trident Trust Company (Mauritius) Limited, 5th Floor, Nexsky Building, Ebène, Cybercity, 72201, Mauritius

12 6th Floor, Tower C, Building No 10, DLF Cyber City, Phase – II Gurgaon, Gurgaon HR 122002, India

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26. UK group undertakings (continued)

The partnership has an interest in a SLP, KPMG Pension Funding Limited Partnership, which is fully consolidated into these UK group accounts. The SLP is not required to present and file accounts at Companies House as it is not a qualifying partnership as defined in the Partnerships (Accounts) Regulations 2008. The SLP was set up during the year ended 30 September 2014 in connection with the Asset Backed Funding agreement (see note 19).

The UK group is a 35% (2024: 33%) partner in KPMG Global Services Private Limited and KPMG Global Services Management Private Limited, joint arrangements formed with KPMG US to provide advisory support services for KPMG International member firms. The UK group is also a 51% (2024: 50%) partner in KPMG Resource Centre Private Limited, a joint arrangement with KPMG Delivery Network Services Limited to provide support services for KPMG International member firms.

Although these entities are legally separated from their shareholders (as detailed above), the UK group has classified them as joint operations. This is on the basis that the partners are the recipients of substantially all the services provided by the entities and will be the only source of funding to settle their liabilities.

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