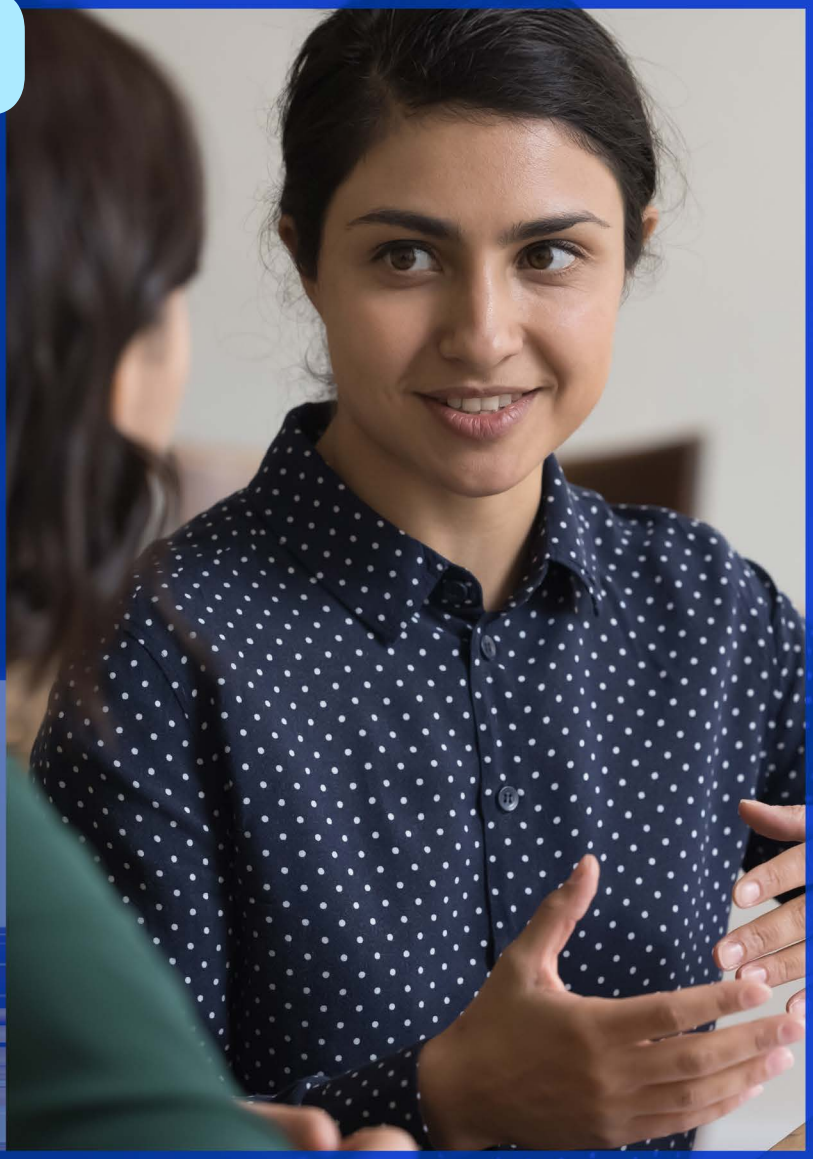
KPMG

Members' Report and Financial Statements 2025

KPMG Holding LLP

In respect of the year ended
30 September 2025

Registered number OC450748



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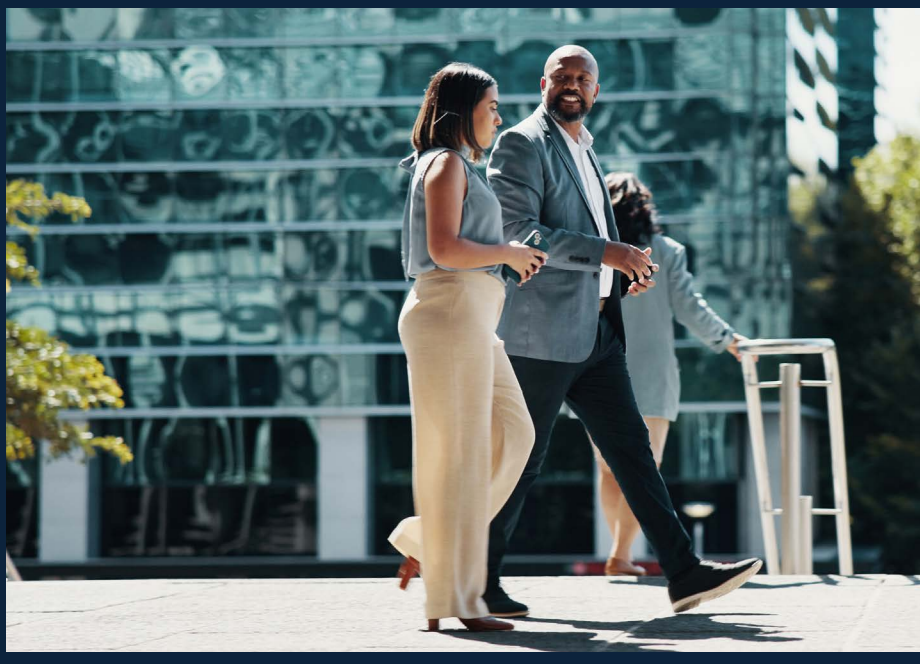
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Report to the members

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

Legal structure

KPMG Holding LLP is incorporated in the UK as a limited liability partnership under the Limited Liability Partnerships Act 2000 and is referred to in these financial statements as 'the Partnership'.

The Partnership was incorporated on 24 January 2024 and was dormant during the period ended 30 September 2024. The Partnership was set up to effect the merger of KPMG LLP ('KPMG UK' or the 'UK Partnership') and KPMG AG ('KPMG Switzerland'), which became effective from 1 October 2024.

The principal subsidiary undertakings of the Partnership are set out in note 26 and include KPMG UK and KPMG Switzerland. The Partnership is a holding entity and does not itself provide goods or services to clients. KPMG UK and KPMG Switzerland remain separate legal entities and continue to provide services within their respective jurisdictions, though they both remain member firms of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee ('KPMG International').

All member firms of KPMG International are committed to following common standards in the provision of services for clients and to maintaining the highest levels of independence and integrity.

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

Principal activities

The principal activities of the Group are the provision of professional services, notably audit, tax & legal and advisory.

Governance

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

- The Board: the main governance body of the Group, responsible for overseeing the stewardship, accountability, and leadership, providing clear-sighted counsel on the strategic direction of the Group and alignment to its vision, values, and purpose.
- The Executive Committee: responsible for executing the board-approved strategy for the Group.

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, the Executive Committee, and the sub-committees can be found on KPMG UK's website and in the separately published Transparency Reports of KPMG UK and KPMG Switzerland.

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
- Richard Charles Faulkner
- Edward Neil Barnicoat
- Marcus Veit

Members' capital

The Group is financed through a combination of members' capital, undistributed profits and borrowing facilities. Members' capital is provided by each member, either to the Partnership or to a subsidiary, 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. The terms 'member' and 'partner' are used interchangeably in this report and refer to members of the Partnership.

Members' profit shares and drawings

The Group's distributable profits for each accounting period, and the allocation between members, are determined by the Board.

During the year, members receive income or benefits through membership of the Partnership, membership of a subsidiary partnership, or employment contracts with a subsidiary.

The aggregate result of the various sources of income or benefits is managed to provide a consistent remuneration model with fixed and bonus elements.

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 members regarding their own remuneration and that of other members.

This remuneration model accounts for the majority of the total profit allocated to members. An element is also allocated to certain members who retired in the year, and who received an additional profit share in line with the KPMG UK's LLP partnership agreement and operating provisions for UK partners. A deduction may be applied to the total pay of any members whose behaviour, quality or performance falls below the standards expected by the Executive Committee and Board, as indicated by adverse Quality and Risk metrics.

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Report to the members

Continued

Financial performance during the year

This is the first year where consolidated financial statements are presented for KPMG Holding LLP, following the merger of KPMG UK and KPMG Switzerland on 1 October 2024.

For the purposes of these consolidated financial statements, under the applicable accounting standards, KPMG UK is deemed to have acquired KPMG Switzerland and therefore the financial statements are a continuation of those of KPMG UK and the Group comparative figures presented are those of KPMG UK only. As such, the 2024 results presented in these financial statements cannot be compared directly to the 2025 results.

Financial position at the end of the year

The financial position of the Group and Partnership remains strong. As set out on page 3, operations are generally financed by members' capital and other members' interests, which together totalled £798 million at 30 September 2025 (2024: £638 million) for the Group and £82 million (2024: nil) for the Partnership.

The main current assets of the 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 Group. These assets totalled £1,343 million (2024: £981 million) for the Group. As stated above, for the purposes of these consolidated accounts the comparatives figures presented for the group are those of KPMG UK only.

Going concern

As set out in the Report to the members, the Group has access to considerable financial resources, namely 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 years and lock up reflects experience;
- Downside – revenue growth is lower than in the Base and lock up deteriorates compared with past experience;
- Severe but plausible – reduction in revenue and further deterioration in lock up.

These forecasts demonstrate that even under a severe but plausible 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 severe but plausible case, the Group has mitigating actions readily available, including (but not limited to) reducing discretionary spend, adjusting recruitment plans and postponing partner distributions.

As at 30 September 2025, the Group had cash balances of £144 million (2024: £201 million) and undrawn bank facilities of £375 million (2024: £385 million). 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 Group's objectives, policies and processes to address risks arising from the 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 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 in the UK, Switzerland 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 Group operates across a wide range of sectors and markets providing resilience within the business model. The 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.

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 Group recognises the importance of its environmental responsibilities and has policies and initiatives in place designed to minimise the negative impact of the Group on the environment.

Our published Impact Plan, disclosed for each of KPMG UK and KPMG Switzerland, brings together the Group's Environmental, Social and Governance (ESG) commitments and information about the progress we are making against these for each respective entity.

Our consolidated Group climate related financial disclosures, and KPMG UK's energy and carbon reporting, are available alongside this report in the Appendix.

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Report to the members

Continued

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 Group and the 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 Group and the Partnership financial statements for each financial year. Under that law the members have elected to prepare both the 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 Group and the Partnership and of the profit or loss of the Group for that period.

In preparing each of the 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 Group and the 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 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 Group and the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Partnership and enable them to ensure that their financial statements comply with 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 Group and the 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 Group's auditor is unaware. Each Board member has also taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

Grant Thornton UK LLP were appointed as the independent auditor of the Group and the Partnership in the year. In accordance with Section 485 of the Companies Act 2006, they will be proposed for re-appointment.

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Independent auditor's report to the members of KPMG LLP

Opinion

We have audited the financial statements of KPMG Holding LLP (the 'limited liability partnership') and its subsidiaries (the '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 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 group's and of the limited liability partnership's affairs as at 30 September 2025 and of the group's profit for the year then ended;
- the group 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 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.

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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 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 group or the limited liability partnership to cease to continue as a going concern.

Our evaluation of the members' assessment of the group's and of the limited liability partnership's ability to continue to adopt the going concern basis of accounting 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 of the 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;assessing the accuracy of management's historical forecasting by comparing management's forecasts for the years ended 30 September 2025 and 30 September 2024 for its significant components 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, 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; and
- assessing the adequacy of related disclosures within the annual report.

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 broader economic conditions affecting business 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 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 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.

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Independent auditor's report to the members of KPMG LLP

Continued

Our approach to the audit



Overview of our audit approach

Overall materiality:

Group: £27.5 million, which represents approximately 5% of the group's profit before taxation and members' profit share.

Limited Liability Partnership: £1.6 million, which represents 2% of the limited liability partnership's total assets.

Key audit matters were identified as:

- Revenue recognition includes the risk of fraud and error;
- New system implementation and data migration;
- Recognition of separately identifiable intangibles;
- Goodwill on the business combination.

We performed full scope audits of the financial information of three components, which represents, 93% of the group's revenue, 89% of the group's total assets and 90% of the group's profit before taxation and members' profit share. We completed specified or analytical audit procedures on the financial information of all other group components, other than for two components for which specific audit procedures on the financial information was completed by a component auditor.

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Independent auditor's report to the members of KPMG LLP

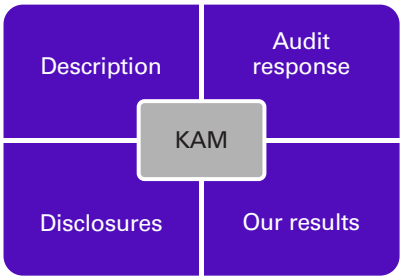
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Key Audit Matters

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.





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Independent auditor's report to the members of KPMG LLP

Continued

Key Audit Matters (continued)

Key Audit Matter – Group	How our scope addressed the matter – Group
Revenue recognition includes the risk of fraud and error We identified revenue recognition includes the risk of fraud and error as one of the most significant assessed risks of material misstatement. The group's revenue amounted to £3,602 million. The majority of the group's revenue is derived from contracts where the consideration is based on time and materials. For these contracts, the 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 £229.6 million. We therefore identified this population of engagements as an area of significant assessed risk of material misstatement. In addition, the Group's migration to a new 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 4, Revenue.	— 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, we discussed, challenged and corroborated the estimates applied by the 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 group and limited liability partnership statements of financial position; — Obtained an understanding of management's year-end review process, including how the 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 the 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. We consider 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.

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Independent auditor's report to the members of KPMG LLP

Continued

Key Audit Matters (continued)

Key Audit Matter – Group	How our scope addressed the matter – Group
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, KPMG LLP and certain other 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) was introduced as part of the system implementation. The migration and system change presented heightened risk due to the complexity of transferring financial data accurately and completely, the potential for errors in opening balances that could affect the integrity of year-end financial statements and the need to design, implement, and operate effective ITGCs in a new system environment, which are critical to the reliability of financial reporting.	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 assess whether 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.
Recognition of separately identifiable intangibles We identified the recognition of separately identified intangibles as a significant risk of material misstatement due to error. At the beginning of the financial year, the Group completed a business combination. There is a risk that any separately identified intangibles arising on the business combination may not meet the criteria required under IFRS, and that they may be inaccurately determined or valued due to the complexity and significant judgment involved. Relevant disclosures in the UK Members' Report and Financial Statements 2025 — Note 10, Intangible assets.	In responding to the key audit matter, we performed the following audit procedures: — Assessed any separate intangibles that meet the IFRS 3 criteria are being recognised; — Reviewed management's assessment and supporting valuations work in relation to any separately identified intangibles, corroborated the supporting inputs, assessed if the valuation methodologies were appropriate and challenged and assessed any judgments or estimates for reasonableness; — In conjunction with our internal valuation specialist, considered the appropriateness of the valuation methodologies and challenged the appropriateness of the valuation assumptions used; and — Assessed the disclosures made within the financial statements in respect of these assets. Our results Our audit testing did not identify significant deficiencies or material misstatement in respect of the recognition of separately identifiable intangibles.

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Independent auditor's report to the members of KPMG LLP

Continued

Key Audit Matters (continued)

Key Audit Matter – Group	How our scope addressed the matter – Group
Goodwill on business combination We identified the accounting for business combinations and resultant value of goodwill arising on the business combination as a significant risk of material misstatement due to error. At the beginning of the financial year, the Group completed a business combination. There is a risk that due to complexity and judgement associated with the accounting for the business combination, the resultant value of goodwill arising on the business combination in the period may be incorrect or not supported by the underlying CGU it relates to. Relevant disclosures in the UK Members' Report and Financial Statements 2025 — Note 10, Intangible assets.	In responding to the key audit matter, we performed the following audit procedures: — Obtained copies of the Framework Agreement, Transfer and Assignment Agreement and other legal documents and determined whether the accounting reflects the values and conditions within those; — Reviewed management's accounting for the new business combination in the period to assess whether the resultant goodwill is in accordance with IFRS 3 and supported by the underlying assets it relates to; — Assessed the basis of management's determination of fair values of the acquired balance sheets; — Assessed management's determination and calculations relating to consideration paid on acquisitions, including assessment of contingent consideration and whether any amounts fall to be treated as post acquisition remuneration; — In conjunction with our internal valuation specialist, considered the appropriateness of the valuation methodologies and challenged the appropriateness of the valuation assumptions used; — Obtained management's paper setting out how they have determined the CGUs to which any goodwill arising will be allocated and challenged and assessed the appropriateness of this; — Challenged the reasonableness of management's assessment for any indicators of impairment as at the period end; and — Reviewed the disclosures made within the financial statements in respect of the various business combinations. Our results Our audit testing did not identify any significant deficiencies or material misstatement in respect of the business combination and resulting goodwill.

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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	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	£27.5 million, which represents approximately 5% of the group's profit before taxation and members' profit share.	£1.6 million, which represents 2% of the limited liability partnership's total assets.
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.	In determining materiality, we made the significant judgement that the selected benchmark is considered the most appropriate because the limited liability partnership does not trade.
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	£20.6 million, which is 75% of financial statement materiality. Component performance materialities ranged between £5.1 million to £14.5 million.	£1.2 million, which is 75% of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we considered all pertinent facts from prior period audits of components, 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 of components, 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.	
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 related party transactions outside of 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	£1.4 million, which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£0.08 million, which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

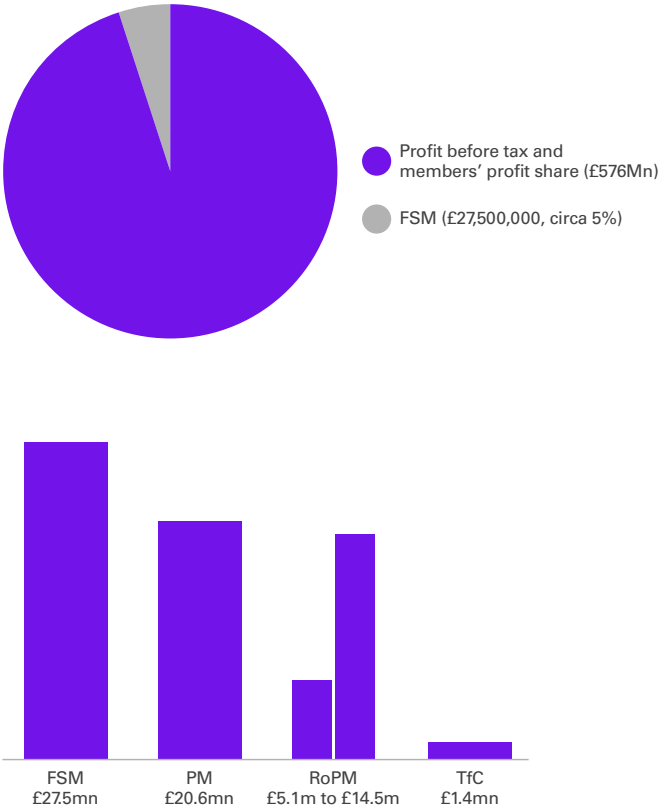
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Independent auditor's report to the members of KPMG LLP

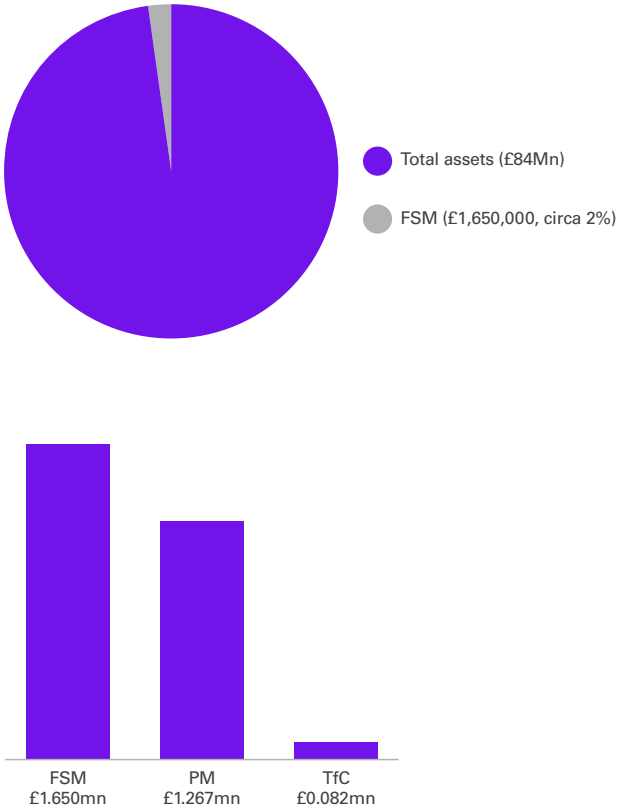
Continued

The graph below illustrates how performance materiality interacts with our overall materiality and the threshold for communication to the audit committee.

Overall materiality – Group



Overall materiality – Limited liability Partnership



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

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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 group's and the limited liability partnership's business and in particular matters related to:

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

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

Identifying components at which to perform audit procedures

— The performance of the group is substantially derived from that of the limited liability partnership, KPMG LLP and KPMG AG. We assessed quantitative and qualitative factors to identify components which are significant to the group, we considered components in terms of their nature and influence on the group and any individual component which is financially significant to the Group, this being assessed with reference to revenue, profit before tax 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 group audit was conducted from two key locations and included an audit of the financial information of the limited liability partnership, KPMG LLP and KPMG AG, together with specified or analytical procedures for the rest of the Group. 93% of the group's revenue, 89% of the group's total assets and 90% of the group's profit before taxation and members' profit shares were subject to an audit based upon the limited liability partnership's materiality, with the group's remaining assets and liabilities subject to specified or analytical procedures.

— We have identified that revenue recognition on significant engagements which meet specified risks or characteristics includes the risk of fraud and error, the new system implementation and data migration, recognition of separately identifiable intangibles and goodwill on business combination to be key audit matters and the procedures to address these are included in the key audit matters section above.

— The components not audited by the group engagement team were Queen Street Mutual Company PCC Limited ('QSM') and KPMG AG, which were audited by Grant Thornton International Limited network firms under our instructions. QSM does not generate any of the group's revenue and represents less than 2% of the 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 group financial statements as a whole as it makes provision for a number of professional claims and regulatory matters. KPMG AG was subject to a full scope audit under the instruction of the group engagement team.

Performance of our audit

— In total, coverage of full-scope and specified audit procedures equated to 97% of the Group's total assets, 97% of the Group's revenue and 98% of the 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 Group auditor, considered had the potential for the greatest impact on the 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 that include the risk of fraud and error were addressed by our full-scope and specified audit procedures.

— The key audit matters pertaining to the recognition of separately identifiable intangibles and Goodwill on business combination related to balances which arise on consolidation and were addressed by procedures performed at a group level.

— As part of our planning procedures, an evaluation was completed over the 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 Group's results:

Audit approach	No. of components	% coverage total assets	% coverage revenue	% coverage PBT & members' earnings
Full-scope audit	3	89%	93%	90%
Specified audit procedures	3	8%	4%	8%
Total	**6**	**97%**	**97%**	**98%**
Analytical procedures	25	3%	3%	2%

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Independent auditor's report to the members of KPMG LLP

Continued

Communications with component auditors

- The group auditor communicated with two overseas component auditors throughout the stages of their work, from planning, through fieldwork and as part of the concluding procedures. In addition, the group auditor remotely viewed the working papers of the overseas component auditor of Queen Street Mutual Company PCC Limited and performed in-person and remote reviews of the working papers of the overseas component auditor for KPMG AG.
- Detailed audit instructions were sent to the component auditors of QSM and KPMG AG setting out the scope and nature of the audit and the group risks that should be addressed. We also communicated information required to be reported back to the group auditor, together with the group materiality threshold (in the knowledge that this component is subject to local audit using a materiality set at a lower level than group financial statement materiality). We also evaluated the component auditors' working papers and held direct discussions with them regarding their findings and conclusions.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. 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's 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 members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 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 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.

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Independent auditor's report to the members of KPMG LLP

Continued

- 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.
- 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 section 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
Senior Statutory Auditor

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

London
20 January 2026

Grant Thornton

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Consolidated income statement

For the year ended 30 September 2025

	Note	**2025 £m**	2024 £m
Revenue	4	**3,602**	2,990
Recoverable expenses		**(455)**	(383)
Net sales		**3,147**	2,607
Other operating income	5	**177**	129
Staff costs	6	**(1,855)**	(1,538)
Depreciation and amortisation	11,12	**(103)**	(84)
Impairment of trade receivables and contract assets	14	**(13)**	(7)
Other operating expenses	7	**(767)**	(697)
Operating profit		**586**	410
Financial income	8	**16**	21
Financial expense	8	**(26)**	(27)
Net financial expense		**(10)**	(6)
Profit before taxation and members' profit shares		**576**	404
Tax expense	9	**(14)**	(14)
Profit for the financial year before members' profit shares		**562**	390
Members' profit shares charged as an expense	6	**(418)**	(287)
Profit for the financial year available for discretionary division among members		**144**	103

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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		**144**	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		**5**	(3)
Total comprehensive income for the financial year, net of tax, attributable to members as owners of the parent entity		**149**	100

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Statements of financial position

At 30 September 2025

	Note	Group 2025 £m	Group 2024 £m	Partnership 2025 £m	Partnership 2024 £m
Assets, excluding members' interests					
Non-current assets					
Property, plant and equipment	11	**557**	444	**-**	-
Intangible assets	12	**75**	45	**-**	-
Shares in subsidiary undertakings	26	**-**	-	**78**	-
Other non-current assets	13	**8**	6	**-**	-
		640	495	**78**	-
Current assets					
Trade and other receivables	14	**1,462**	1,097	**1**	-
Other financial assets	15	**38**	32	**-**	-
Cash and cash equivalents	16	**144**	201	**5**	-
		1,644	1,330	**6**	-
Total assets, excluding members' interests		**2,284**	1,825	**84**	-
Liabilities, excluding members' interests					
Non-current liabilities					
Defined benefit liability	19	**46**	49	**-**	-
Lease liabilities	23	**484**	385	**-**	-
Provisions	18	**62**	46	**-**	-
Other non-current liabilities	13	**67**	58	**-**	-
Insurance contract liabilities	20	**32**	37	**-**	-
		691	575	**-**	-
Current liabilities					
Short-term bank borrowings	16	**25**	-	**-**	-
Trade and other payables	17	**721**	576	**2**	-
Lease liabilities	23	**43**	27	**-**	-
Provisions	18	**2**	5	**-**	-
Insurance contract liabilities	20	**4**	4	**-**	-
		795	612	**2**	-
Total liabilities, excluding members' interests		**1,486**	1,187	**2**	-
Net assets attributable to members		**798**	638	**82**	-
Represented by:					
Amounts classified as non-current liabilities:					
Members' capital	21	**123**	135	**-**	-
Amounts classified as current liabilities:					
Amounts due to members	21	**265**	160	**-**	-
Members' capital	21	**143**	76	**63**	-
		408	236	**63**	-
Amounts classified as equity:					
Other members' interests classified as equity	21	**267**	267	**19**	-
Total members' interests		**798**	638	**82**	-

The Partnership reported a profit available for discretionary division among members for the year ended 30 September 2025 of £19 million (2024: £nil). 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 Holding LLP, registered number OC450748 by:

Jon Holt
Group Chief Executive Officer

Chris Hearld
Group Managing Partner

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Statements of changes in equity

For the year ended 30 September 2025

	Note	Members' other reserves £m	Translation and cashflow hedging reserves £m	Group **Total £m**	Partnership **Members' other reserves and cashflow hedging reserves £m**
Balance at 1 October 2023 (Group) and 24 January 2024 (Partnership)		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	-
2003 profits available for discretionary division, allocated to members during the year		(112)	-	(112)	-
Other movements		(9)	-	(9)	-
Transactions with owners		(121)	-	(121)	-
Balance at 30 September 2024		272	(5)	267	-
Profit for the financial year available for discretionary division among members		**144**	**-**	**144**	**19**
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		**147**	**2**	**149**	**19**
Profits available for discretionary division, allocated to members during the year	21	**(141)**	**-**	**(141)**	**-**
Other movements		**(8)**	**-**	**(8)**	**-**
Transactions with owners		**(149)**	**-**	**(149)**	**-**
Balance at 30 September 2025		**270**	**(3)**	**267**	**19**

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Statements of cash flows

For the year ended 30 September 2025

	Note	Group 2025 £m	Group 2024 £m	Partnership 2025 £m	Partnership 2024 £m
Cash flows arising from operating activities					
Profit for the financial year after members' profit shares charged as an expense		**144**	103	**19**	-
Adjustments for:					
Tax expense	9	**14**	14	**-**	-
Depreciation and amortisation	11,12	**103**	84	**-**	-
Financial income	8	**(16)**	(21)	**(20)**	-
Financial expense	8	**26**	27	**1**	-
Impairment of trade receivables and contract assets	14	**13**	7	**-**	-
Members' profit shares charged as an expense	6	**418**	287	**-**	-
Changes in working capital:					
(Increase)/decrease in trade and other receivables		**(190)**	69	**(1)**	-
(Decrease)/increase in trade and other payables		**(82)**	(9)	**1**	-
Decrease in insurance contract liabilities		**(7)**	(3)	**-**	-
Decrease in provisions and retirement benefits		**(8)**	(11)	**-**	-
Cash flows arising from operations		**415**	547	**-**	-
Net interest and other financial income received	8	**9**	12	**-**	-
Corporate taxes paid		**(16)**	(9)	**-**	-
Net cash flows arising from operating activities before transactions with members		**408**	550	**-**	-
Payments to members	21	**(455)**	(419)	**-**	-
Net cash flows arising from operating activities		**(47)**	131	**-**	-
Cash flows arising from investing activities					
Acquisition of businesses, net of cash acquired	10	**53**	(1)	**6**	-
(Acquisition) / disposal of other financial assets		**(5)**	8	**-**	-
Proceeds from sale of property, plant and equipment	11	**1**	3	**-**	-
Acquisition of property, plant and equipment	11	**(17)**	(20)	**-**	-
Development of intangible assets	12	**(7)**	(6)	**-**	-
Net cash flows arising from investing activities		**25**	(16)	**6**	-
Cash flows arising from financing activities					
Payment of lease liabilities	23	**(65)**	(56)	**-**	-
Net inflow from bank borrowings	16	**25**	-	**-**	-
Capital introduced by members		**20**	11	**1**	-
Capital repayments to members		**(18)**	(15)	**(3)**	-
Net cash flows arising from financing activities		**(38)**	(60)	**(2)**	-
Net (decrease)/increase in cash and cash equivalents		**(60)**	55	**4**	-
Cash and cash equivalents at the beginning of the year		**201**	146	**-**	-
Effect of movements in exchange rates		**3**	-	**1**	
Cash and cash equivalents at the end of the year	16	**144**	201	**5**	-

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Notes

Forming part of the consolidated financial statements

1. Basis of preparation

KPMG Holding 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 (KPMG UK and KPMG Switzerland, and their respective subsidiaries) and include the Group's interest in joint arrangements. The Partnership's financial statements present information about the Partnership as a separate entity and not about its UK or Swiss groups.

With effect from 1 October 2024, KPMG Holding LLP acquired KPMG LLP and KPMG Holding AG, as part of the merger of the previously independent practices of the KPMG member firms in UK and Switzerland. Under IFRS 10 'Consolidated Financial Statements' KPMG Holding LLP exercises control over both KPMG LLP and KPMG Holding AG. Accordingly, these financial statements present the consolidated results of KPMG LLP and KPMG Holding AG and their respective subsidiary undertakings.

IFRS 3 does not permit such matters to be accounted for under merger accounting or as a pooling of interests rather it requires one party to be deemed to be the acquirer. For the purposes of the consolidated financial statements, KPMG LLP is deemed to have acquired KPMG Holding AG and therefore the financial statements are a continuation of those of KPMG LLP and the Group comparative figures are those of KPMG LLP. The assets and liabilities of KPMG LLP have therefore been recognised and measured at their pre-combination carrying amounts, with the assets and liabilities of KPMG Holding AG recognised at their acquisition-date fair values as set out in Note 10.

The Partnership comparatives are those of KPMG Holding LLP, incorporated on 24 January 2024.

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 Group is pounds sterling. The financial statements are presented in millions of pounds (£m) unless stated otherwise.

The Group 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 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 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 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 applied 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 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 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 Group's or Partnership's results or financial position but will impact the presentation of the financial statements.

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Notes

Forming part of the consolidated financial statements

1. Basis of preparation (continued)

Going concern

As set out in the Report to the members, the Group has access to considerable financial resources, namely 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 experience;

— Downside – revenue growth is lower than in the Base and lock up deteriorates compared with past experience;

— Severe but plausible – a reduction in revenue and further deterioration in lock up.

These forecasts demonstrate that even under a severe but plausible 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 severe but plausible case, the Group has mitigating actions readily available, including (but not limited to) reducing discretionary spend, adjusting recruitment plans and postponing partner distributions.

As at 30 September 2025, the Group had cash balances of £144 million (2024: £201 million) and undrawn bank facilities of £375 million (2024: £385 million). 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 Group's objectives, policies and processes to address risks arising from the 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 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 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. As set out in Note 1, KPMG Holding LLP is considered to exercise control over both KPMG LLP and KPMG Holding AG following the merger on 1 October 2024, and so the results of both the UK and Switzerland KPMG member firms are included within these consolidated financial statements. As set out in Note 1, KPMG LLP was the deemed acquirer and therefore the assets and liabilities of KPMG LLP have been recognised and measured at their pre-combination carrying amounts.

Joint arrangements are arrangements in which the 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 Group has assessed its arrangements as joint operations due to the arrangements meeting the latter classification. The Group has accounted for its interest in these joint operations by recognising its share of individual assets, liabilities, revenue and costs.

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the 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 Group and Partnership have neither control nor significant influence are stated at fair value calculated by reference to an appropriate earnings multiple.

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Forming part of the consolidated financial statements

2. Material accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Group 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 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
Swiss Franc	**1.11**	1.12	**1.07**	1.13

Revenue

All revenue of the Group is generated from contracts with customers.

Revenue is recognised when, or as, the Group satisfies 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.

A significant proportion of the Group's revenue is derived from contracts where the consideration is based on time charged to date and materials. For these contracts the 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 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.

When another entity within the member firm network is involved in providing services to the customer, the Group determines whether it is acting as a principal or an agent for each performance obligation. The Group acts as a principal, and revenue is recognised on a gross basis, if it controls the services before transferring them to the customer. If the Group acts as an agent, then it will recognise revenue net of the amount paid to the other member firms involved in providing services to the customer.

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 Group 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 Group 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.

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Forming part of the consolidated financial statements

2. Material accounting policies (continued)

Members' profit shares

The Holding LLP Partnership Agreement requires that 75% of the Group profits, excluding the results of certain overseas subsidiaries and profit arising on significant disposals of property or business ('adjusted Group profits') must be allocated to members; the Board's discretion in respect of retentions is subject to a maximum retention of 25% of the adjusted Group profits for the period. Any proposal of the Board to retain more than 25% of the adjusted Group profits for the period is subject to a member vote. It is therefore considered that a contractual liability exists under IAS 32 'Financial Instruments: Presentation' in respect of 75% of the adjusted Group profits and 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 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 members in year, through drawings or through employment contracts with subsidiaries, are reclaimable from members until profits have been allocated. Any such amounts paid in excess of the liability recognised in respect of 75% of the adjusted 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 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. Any amounts relating to transactions with an acquiree that are separate from the business combination are excluded from consideration. Such amounts could include settlement of pre-existing relationships between the acquirer and acquiree, or transactions that remunerate employees or former owners of the acquiree for future service. Goodwill is recognised where the consideration for the business combination exceeds the fair values of identifiable assets, liabilities and contingent liabilities acquired. Goodwill is allocated to the cash generating units (CGUs) or Group of CGUs that are expected to benefit from the business combination.

Transaction costs that the 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:

Category	Useful life
Office buildings	Life of lease
Office furniture, fittings and equipment	Life of the lease where asset is integral to the lease (e.g. leasehold improvements), or the useful life of the underlying asset, expected to be in the range of 4-15 years
Computer and communications equipment	2-5 years
Motor vehicles	5 years

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

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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 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.

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.

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 lives are as follows:

— Software: 3-5 years

— Customer-related intangible assets: 1-5 years

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is subject to annual impairment testing, any impairment loss is not reversed.

Intangible assets acquired through a business combination are measured at their fair value at the date of acquisition.

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 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 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 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 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.

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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 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 Group and Partnership.

Professional claims and regulatory matters

The 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 Group by third parties and disciplinary proceedings brought by regulatory authorities.

The 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 Group has conditional commitments to pay annuities to certain former members (and dependants). These annuities are payable only out of profits of the UK 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 Group 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 Group provides retirement benefits through defined contribution and defined benefit schemes.

The Group operates four 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 Group also operates three defined benefit pension plans for which a member of the Group is the employer and bears the related risks.

The 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 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.

Surpluses are recognised on defined benefit pension plans only to the extent that they are not limited by the effect of the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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2. Material accounting policies (continued)

Members' capital

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

On leaving the Partnership, a 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. 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 of the UK member firm 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.

As part of the merger of the UK and Swiss member firms, £35 million of deferred consideration was committed in the form of individual members' capital for partners of the Swiss member firm. No interest is payable on these balances, and amounts are repayable within 60 days of leaving the Partnership; payment is subject to good leaver provisions and early payment is made in certain limited circumstances. These balances are classified as a current liability to partners, reclassified to current third-party liabilities upon retirement.

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 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.

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2. Material accounting policies (continued)

Derivative financial instruments

The 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 Group's treasury policy, the 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 Group include non-deliverable forward exchange contracts (NDFs).

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 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 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 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 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 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.

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2. Material accounting policies (continued)

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease as defined in IFRS 16.

The Group recognises 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 Group and Partnership's incremental borrowing rate ('IBR'). This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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 Group and Partnership are reasonably certain to exercise an extension option; and

— penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured if the 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 Group presents 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 Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. Accounting estimates and judgements

The preparation of consolidated financial statements in conformity with 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 Group's accounting policies that have the most significant effect on amounts recognised in the 2025 financial statements are as follows:

Member retirement provisions

The Operating Provisions of certain subsidiaries of the Group 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 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.

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3. Accounting estimates and judgements (continued)

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 Group and Partnership.

Provisions of £40 million (2024: £31 million) for the Group 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.

Group undertakings

As set out in note 26, certain investee entities are not 100% owned by the Group. A judgement is required as to whether the 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 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.

Key sources of estimation uncertainty

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 set out below.

Revenue

In calculating revenue from service contracts, the Group makes certain estimates as to the extent to which performance obligations have been satisfied. In doing so, the Group estimates 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, 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 £542 million (2024: £348 million) for the Group 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 £27 million (2024: £17 million) for the Group.

Professional claims and regulatory matters

At 30 September 2025, the provision for professional claims and regulatory matters amounts to £40 million (2024: £31 million) for the Group. 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 28, 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 Group's pension plans of £46 million (2024: £49 million) are based on various assumptions including mortality rates, salary increase rates, discount rates and inflation rates. 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. Detail of key assumptions, and the impact of differences in assumptions used in valuing the plans' liabilities are set out in note 19.

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4. Revenue

The Group generates 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)	**1,170**	**687**	**1,301**	**3,158**
Recoverable expenses (as reported internally)	**71**	**153**	**255**	**479**
Gross sales (as reported internally)	**1,241**	**840**	**1,556**	**3,637**
Elimination of intra-Group trading and other financial adjustments				**(35)**
Total Group revenue				**3,602**

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-Group trading and other financial adjustments				(20)
Total Group revenue				2,990

The Group operates predominantly across the UK and Switzerland; subsidiary entities based outside of these countries are immaterial for the purposes of presenting separate geographical segment information. Per IFRS 8, limited liability Partnerships are also not required to present segmental information. The Group generates 69% (2024: 82%) of its revenue from clients located in the UK; 15% (2024: 2%) of its revenue from clients located in Switzerland and 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 Group has no reliance on any one client – no more than 10% (2024: 10%) of Group revenue is attributable to the largest client.

Contract balances

Receivables, contract assets and contract liabilities from contracts with customers 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 customers are materially for periods of one year or less or the right to consideration is directly aligned to the performance completed to date. The Group has 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 Group'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:

	Group	
	2025 £m	2024 £m
Charges to other KPMG International member firms	**161**	117
Other items including sub-let rental and shared service recharges	**16**	12
	177	129

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

6. Members and staff

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

	Group	
	2025 Number	2024 Number
Audit	**6,322**	5,380
Tax & Legal	**2,811**	2,379
Advisory	**6,099**	6,176
Corporate Services and Markets	**3,019**	2,738
	18,251	16,673

KPMG Holding LLP employs no staff, with all staff employed by subsidiaries of the Partnership.

Employment costs

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

	Group	
	2025 £m	2024 £m
Salaries (including bonuses)	**1,598**	1,333
Social security costs	**166**	144
Cost of retirement benefits (note 19)	**91**	61
Staff costs per income statement	**1,855**	1,538
Amounts charged to the income statement in respect of defined benefit pension plans (note 19)	**2**	5
Amounts recognised in the statement of comprehensive income in respect of defined benefit pension plans (note 19)	**(3)**	(4)
Total staff related costs	**1,854**	1,539

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 £418 million for the year ended 30 September 2025, representing 75% adjusted Group profits (2024: £287 million). Average partner distribution totalled £880,000 reflecting distribution of adjusted Group profits (2024: £830,000 average partner distribution to members of KPMG LLP).

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

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7. Other operating expenses

Other operating expenses of the Group comprise Group overhead expenses including property and IT costs such as property service and facility charges and lease related expenditure; people related cost 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 Group such as communication, marketing and the KPMG International Levy.

	Group	
	2025 £000	2024 £000
Auditor's remuneration:		
Audit of Partnership and consolidated financial statements	**436**	-
Amounts receivable by auditors, of the Partnership, and their associates in respect of:		
Audit of financial statements of subsidiaries	**1,009**	948
Audit related assurance services provided to the Group	**113**	105
Audit of certain Group pension plans	**88**	93
	1,646	1,146

Audit related assurance services of £113,000 (2024: £105,000) included services that were not related to the statutory audit of the 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

	Group	
	2025 £m	2024 £m
Interest income	**12**	12
Net change on fair value of financial assets at FVTPL	**1**	2
Exchange gains	**3**	7
Other financial income	**-**	-
Financial income	**16**	21
Net interest expense on defined benefit pension plan liabilities (note 19)	**2**	3
Net finance expenses from insurance contract liabilities (note 20)	**2**	2
Interest expense on lease liabilities (note 23)	**13**	11
Exchange losses	**7**	11
Other financial expenses	**2**	-
Financial expense	**26**	27

The total interest income on financial assets that were not classified as FVTPL was £12 million (2024: £12 million). The total interest expense on financial liabilities that were not classified as FVTPL was £13 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:

	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 corporation tax charge relating to joint operations	**10**	9
Deferred tax charge	**(2)**	1
Total tax expense in income statement	**14**	14

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

	Group	
	2025 £m	2024 £m
Profit before taxation arising in Group corporate entities	**73**	102
Tax at 25% (2024: 25%) being the UK domestic tax rate	**18**	26
Impact of tax exempt and disallowable items	**(4)**	(9)
Adjustment in respect of prior years	**-**	(1)
Impact of differences in overseas tax rates	**-**	(2)
Total tax expense in income statement	**14**	14

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

Deferred tax assets of £2 million and deferred tax liabilities of £5 million have been recognised at 30 September 2025, in respect of temporary differences arising in the corporate entities (2024: £3 million deferred tax asset). 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 Group for the year ended 30 September 2025. Although KPMG Holding 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 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 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

KPMG Switzerland

With effect from 1 October 2024, the Partnership acquired 100% of the issued capital of KPMG Holding AG, as part of the merger of the previously independent practices of the KPMG member firms in UK and Switzerland. Both firms provide professional services including audit, tax & legal, and advisory services.

The merger was effected as follows:

- The members of KPMG LLP, a UK limited liability partnership, also became members of KPMG Holding LLP;
- KPMG Holding LLP became a voting member of KPMG LLP and the UK members of KPMG Holding LLP lost their voting rights in KPMG LLP, subject to certain voting rights reserved for qualified individuals, and subject to a limited number of specific matters where each member of KPMG LLP has one vote;
- The partners of KPMG Holding AG sold their shares in KPMG Holding AG to KPMG Holding LLP in exchange for the consideration set out below, and subscribed for capital in KPMG Holding LLP; and
- The individual members of KPMG LLP retained their previous capital in KPMG LLP (although without voting rights, other than those outlined above) and were not required to subscribe capital in KPMG Holding LLP.

IFRS 3 'Business Combinations' does not permit such matters to be accounted for under merger accounting or as a pooling of interests, rather it requires one party to be deemed to be the acquirer. For the purposes of these Group financial statements, KPMG LLP is deemed to have acquired KPMG AG and the financial statements are therefore presented as a continuation of those of KPMG LLP and therefore the group comparative figures presented as 2024 results are those of KPMG UK only.

The consideration for this acquisition totalled £78 million, satisfied through £20 million of up-front consideration, £35 million of deferred consideration in the form of members' capital and £23 million set-off against the obligations of Swiss partners to subscribe for ordinary capital in KPMG Holding LLP. A further £6 million of consideration in relation to the acquisition of shareholder loans was also set-off against the obligation to subscribe for ordinary capital. The £20 million up-front consideration was settled on the Partnership's behalf by KPMG LLP, in lieu of a distribution paid to the Partnership. The £35 million deferred consideration is presented within members' capital and is payable to Swiss partners on retirement from the Partnership. The deferred consideration amounts are on demand financial liabilities and therefore, under IFRS 13.47 these are valued at not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid. No consideration was paid for the acquisition of KPMG LLP.

The assets and liabilities recognised as a result of the acquisition on 1 October 2024 are as follows:

	£m
Property, plant and equipment	**156**
Intangible assets	9
Other non-current assets	2
Trade and other receivables	198
Cash and cash equivalents	79
Deferred tax liability	(7)
Provisions	(18)
Lease liabilities	(141)
Other current liabilities	(217)
Trade and other payables	(13)
Total identifiable net assets acquired	**48**

The Group recognised £30m of goodwill in respect of the acquisition, which is attributable primarily to the value of the workforce which does not qualify for separate recognition. This goodwill is not expected to be deductible for tax purposes.

Trade and other receivables comprise gross contractual amounts due of £199m, of which £1m was expected to be uncollectable at the date of acquisition.

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10. Acquisitions and disposals (continued)

The consolidated income statement for the financial year ended 30 September 2025 includes revenue of £626m and profit for the financial year available for discretionary division among members of £22m in respect of KPMG Switzerland.

Pre-acquisition carrying amounts were determined based on accounts of the KPMG Switzerland Group prepared as at 30 September 2024, with adjustments in respect of differences between Swiss GAAP and UK-adopted IFRSs. The values of assets and liabilities recognised on acquisition are their estimated fair values which approximated to their pre-acquisition carrying amounts, other than intangible assets totalling £9m, less a related deferred tax liability of £2m. These comprised £5m of customer-related intangible assets, representing the current value of anticipated income streams resulting from the customer relationships and order book of audit engagements for KPMG Switzerland, and £4m of software, representing the value of certain internally generated tax software.

The calculation of fair value of the customer-related intangible assets reflects the present value of cashflows estimated to be generated by both current engagements, for the order backlog, and expected future contract renewals, for the customer relationships. These cashflows are adjusted for charges in relation to other assets involved in the cashflow generation, such as the workforce and working capital, and include a charge for the services of equity partners which excludes an estimated return on capital.

The calculation of fair value of the software reflects an estimate of the replacement cost to re-produce the internally generated asset.

Joint arrangements

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 and 2% ownership in KPMG Global Services Private Limited and KPMG Global Services Management Private Limited for total consideration of £6 million.

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.

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11. Property, plant and equipment

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	16	7	8	6	**37**
Acquisitions through business combinations	135	-	15	6	**156**
Disposals	(1)	(1)	(4)	(5)	**(11)**
Exchange difference	5	-	-	-	**5**
Balance at 30 September 2025	**665**	**122**	**284**	**23**	**1,094**
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	44	14	20	6	**84**
Disposals	(1)	(1)	(4)	(3)	**(9)**
Exchange difference	(1)	(1)	1	-	**(1)**
Balance at 30 September 2025	**211**	**109**	**207**	**10**	**537**
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	**454**	**13**	**77**	**13**	**557**

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

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12. Intangible assets

	Software £m	Customer-related intangible assets £m	Goodwill £m	**Total £m**
Cost				
Balance at 1 October 2023	127	14	29	170
Additions arising from internal development	6	-	5	11
Additions acquired separately	-	-	-	-
Additions acquired through business combinations	-	-	-	-
Disposals	-	-	-	-
Balance at 30 September 2024	133	14	34	181
Additions arising from internal development	**7**	**-**	**-**	**7**
Additions acquired separately	**-**	**-**	**-**	**-**
Additions acquired through business combinations	**4**	**5**	**30**	**39**
Disposals	**(23)**	**-**	**-**	**(23)**
Exchange differences	**-**	**1**	**2**	**3**
Balance at 30 September 2025	**121**	**20**	**66**	**207**
Amortisation and impairment				
Balance at 1 October 2023	104	13	6	123
Charge for the year	12	1	-	13
Disposals	-	-	-	-
Impairment	-	-	-	-
Exchange differences	-	-	-	-
Balance at 30 September 2024	116	14	6	136
Charge for the year	**11**	**3**	**-**	**14**
Disposals	**(23)**	**-**	**-**	**(23)**
Impairment	**-**	**-**	**5**	**5**
Exchange differences	**-**	**-**	**-**	**-**
Balance at 30 September 2025	**104**	**17**	**11**	**132**
Net book value				
At 1 October 2023	23	1	23	47
At 30 September 2024	17	-	28	45
At 30 September 2025	**17**	**3**	**55**	**75**

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12. Intangible assets (continued)

Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the CGU or Group of CGUs that are expected to realise economic benefits from the business combination. Goodwill is subject to an annual impairment review.

Goodwill of £55m includes £30m of goodwill arising on the acquisition of the 100% interest in KPMG Holding AG. For the purposes of impairment testing, goodwill is allocated to the groups of CGUs below:

	£m
Audit	**15**
Tax & Legal	**10**
Advisory	**30**
Total	**55**

The recoverable amount of the Groups of CGUs was estimated based on the present value of the future cash flows expected to be derived from the CGU (value in use). These calculations use forecasts approved by management for an initial 2-year period which are subsequently extrapolated beyond this initial forecast period using estimated long-term growth rates.

Key assumptions underlying the value in use calculation are set out in the table below:

	Audit	**Tax & Legal**	**Advisory**
Revenue growth rate in initial forecast period	7.0%	11.0%	8.0%
Discount rate	10.8%	11.2%	11.85%
Terminal value growth	2.0%	2.0%	2.0%

The pre-tax discount rates were derived from post-tax weighted average cost of capitals calculated using the capital asset pricing model. The growth rate within the initial forecast period is based on management's past experience and future expectations. Terminal growth rate approximates the long-term average growth rate expected.

No reasonably possible changes in the above key assumptions would cause any of the Group of CGU's carrying amounts to exceed their recoverable amounts.

13. Other non-current assets and liabilities

	Group		**Partnership**	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Amounts due from other Group undertakings	**-**	-	**-**	-
Other receivables (non-current)	**6**	3	**-**	-
Deferred tax assets (see note 9)	**2**	3	**-**	-
Other non-current assets	**8**	6	**-**	-
Amounts due to other Group undertakings	**-**	-	**-**	-
Other liabilities	**62**	58	**-**	-
Deferred tax liability (see note 9)	**5**	-	**-**	-
Other non-current liabilities	**67**	58	**-**	-

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14. Trade and other receivables

	Group		Partnership	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Client receivables	**673**	528	**-**	-
Amounts due from other KPMG International member firms	**128**	105	**-**	-
Trade receivables	**801**	633	**-**	-
Contract assets	**542**	348	**-**	-
Amounts due from other Group undertakings	**-**	-	**1**	-
Other prepayments	**57**	53	**-**	-
Other receivables	**61**	63	**-**	-
Corporation tax receivable	**1**	-	**-**	-
	1,462	1,097	**1**	-

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 £22 million (2024: £10 million) for the Group. 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:

	Group	
	2025 £m	2024 £m
Balance at 1 October	**10**	6
Acquired through business combinations	**1**	-
Utilised during the year	**(2)**	(3)
Impairment provision recognised in income statement	**13**	7
Balance at 30 September	**22**	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:

		Group	
	Weighted average loss rate	**Gross 2025 £m**	Gross 2024 £m
Trade receivables			
Current (not past due)	0.39%	**561**	474
31 - 60 days	0.70%	**142**	87
61 - 90 days	1.37%	**60**	47
91 - 120 days	2.79%	**25**	22
121 - 150 days	6.14%	**8**	2
151 - 180 days	10.39%	**5**	2
181 - 360 days	32.54%	**12**	4
More than 360 days	92.12%	**7**	5
Gross trade receivables		**820**	643
Gross contract assets	0.37%	**545**	348
Expected credit losses		**(22)**	(10)
Trade receivables and contract assets, net of impairment losses		**1,343**	981

15. Other financial assets

	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

	Group		Partnership	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Cash and cash equivalents – bank balances	**144**	201	**5**	-

Committed borrowing facilities of £400 million (2024: £385 million) were available to the Group at 30 September 2025, of which £25 million (2024: £nil) was drawn as at 30 September 2025. Of the facilities available as at 30 September 2025, £10 million (2024: £10 million) expires in one year or less, £15 million expires in more than one year and 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 members' capital, all of which were satisfied at 30 September 2025 and 2024 and are forecast to be met over the next 12 months.

Liabilities arising from financing activities

Members' capital, lease liabilities and borrowings (when relevant) are all liabilities arising from financing activities, being those liabilities for which cashflows are classified as cash flows from financing activities in the Group and Partnership cash flow statement.

	Group		Partnership	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Members' capital	**266**	211	**63**	-
Lease liabilities (note 23)	**527**	412	**-**	-
Short-term borrowings	**25**	-	**-**	-
	818	623	**63**	-

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

	Group		Partnership	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Cash flows from financing activities:				
Capital introduced by members	**20**	11	**1**	-
Repayments of capital	**(18)**	(15)	**(3)**	-
Payment of lease liabilities	**(65)**	(56)	**-**	-
Net inflow from bank borrowings	**25**	-	**-**	-
Non-cash flows from financing activities:				
Transfer from reserves in year	**10**	9	**-**	-
Reclassification of liabilities to former partners on retirement	**(23)**	(19)	**(1)**	-
Members' capital arising from business combination	**64**	-	**64**	-
Interest expense on lease liabilities	**13**	11	**-**	-
Acquisition of lease liabilities through business combination	**141**	-	**-**	-
Additions to lease liabilities	**21**	7	**-**	-
Exchange differences on financing liabilities	**7**	(3)	**2**	-
Net increase/(decrease) in liabilities arising from financing activities	**195**	(55)	**63**	-
Liabilities arising from financing activities at the beginning of the year	**623**	678	**-**	
Liabilities arising from financing activities at the end of the year	**818**	623	**63**	-

Further details on members' capital is set out in note 21 and on lease liabilities in note 23.

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17. Trade and other payables

	Group		Partnership	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Accruals	**333**	267	**1**	-
Contract liabilities	**178**	152	**-**	-
Other taxes and social security	**104**	71	**-**	-
Other payables	**39**	44	**1**	-
Trade payables	**37**	33	**-**	-
Amounts due to other Group undertakings	**-**	-	**-**	-
Derivative financial instruments at Fair Value – cashflow hedge	**3**	2	**-**	-
Amounts due to other KPMG International member firms	**26**	7	**-**	-
Corporation tax payable	**1**	-	**-**	-
	721	576	**2**	-

Trade and other payables for the Partnership are substantially all due within one year.

18. Provisions and contingent liabilities

Group

	Property provisions £m	Professional claims and regulatory matters £m	Other provisions £m	**Total £m**
Balance at 1 October 2024	20	31	-	**51**
Acquisitions through business combinations	-	14	4	**18**
Transferred to accruals	(1)	-	-	**(1)**
Utilised during the year	-	(5)	-	**(5)**
Provisions recognised/(released) during the year	2	-	(1)	**1**
Balance at 30 September 2025	21	40	3	**64**
Non-current	21	40	1	**62**
Current	-	-	2	**2**

Property provisions for the Group 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 Group has a number of defined contribution schemes, operating both in the UK and Switzerland.

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 Group sponsors two defined benefit pension plans in the UK and one defined benefit pension plan in Switzerland.

UK Schemes

Both UK 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 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 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.

A) 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 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.

B) 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. 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 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.

Swiss Pension Scheme

Under the Switzerland BVG Scheme, the final benefit is contribution-based with certain minimum guarantees provided by KPMG AG as sponsoring entity. Due to these minimum guarantees, the Group's Switzerland BVG Scheme is classified as a defined benefit plan.

The Switzerland BVG Scheme requires contributions from both employees and the Group, based on an age-linked contribution percentage of salary of the employee. Future funding requirement, based on local actuarial measurements, determine the funding contributions required by the Group. Where local actuarial measurements assess the scheme to be underfunded, mitigating actions could include increasing employee and employer contributions and lowering interest rates on retirement savings.

Investment decisions in relation to plan assets are made by the scheme's Board of Trustees.

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.

The Swiss scheme is in surplus, with a slight increase from the date of acquisition arising due to a decrease in the discount rate and a decrease in the salary increase rate assumptions.

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19. Retirement benefits (continued)

Minimum funding requirements

The Group has 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.

For the Swiss scheme, the Group has no right to a refund or to reduce contribution levels and therefore no economic benefit is available from the scheme surplus.

Risks

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

Default risk – the Group plans have credit-based investment strategies based on buying and holding credit instruments which are expected to deliver the income required in order to meet the obligations of the plans, reducing the volatility of the financial position of the schemes. One of the key risks of this type of 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 investment 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 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 Group more generally.

Mortality risk – the assumptions adopted by the 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 Group and Trustee of each plan review the mortality assumptions on a regular basis to minimise the risk of using an inappropriate assumption. The Group has updated their mortality assumption as at 30 September 2025 to reflect the latest available data from the CMI 2024 mortality projections model for the UK plans. The assumptions for the Swiss scheme are based on the BVG 2020 pension assumptions.

Other matters

The Group expects to contribute approximately £4.5 million (which is made up entirely of payments from the ABF arrangement – see below) to its UK 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 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 Group and its results are consolidated by the Group. The 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 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 Group's statement of financial position.

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.

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19. Retirement benefits (continued)

The cost of employee benefits included within personnel costs of the 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 £2 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		Swiss BVG scheme
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £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	**248**
Investment funds					
Multi-Asset Credit	**11**	11	**45**	45	**-**
Equity instruments	**-**	-	**-**	-	**277**
Cash and cash equivalents					
Cash	**5**	9	**8**	21	**10**
Derivatives					
Credit contracts	**(29)**	(27)	**(123)**	(104)	**-**
Asset backed securities	**18**	-	**79**	-	**-**
Not quoted in an active market					
Investment funds					
Real estate	**-**	-	**-**	-	**175**
Other	**-**	1	**-**	3	**29**
Fair value of plan assets	**98**	107	**402**	438	**739**
Present value of funded defined benefit obligations	**(97)**	(106)	**(449)**	(488)	**(674)**
Net plan surplus/(deficit)	**1**	1	**(47)**	(50)	**65**
Effect of asset ceiling	**-**	-	**-**	-	**(65)**
Net asset/(liability) in the statement of financial position	**1**	1	**(47)**	(50)	**-**

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19. Retirement benefits (continued)

The plans' assets do not include any of the Group's own transferable financial instruments, property occupied by, or other assets used by the Group. A key component of the Group plans 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' heading 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.

The LDI portfolio meant that at 30 September 2025 the interest-rate risks and inflation risks of the TMcL plan and the pre-2000 fund were fully hedged on the triennial funding valuation basis.

The debt instruments and investment funds of the Swiss scheme all relate to European issuers.

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		Swiss BVG scheme
	2025 £m	2024 £m	**2025 £m**	2024 £m	**2025 £m**
Benefit obligation at start of year/acquisition	**(106)**	(104)	**(488)**	(468)	**(614)**
Current service cost	**-**	-	**-**	-	**(28)**
Interest on obligations	**(5)**	(5)	**(23)**	(25)	**(7)**
Remeasurement gain arising from changes in demographic assumptions	**(1)**	-	**(4)**	1	**-**
Remeasurement (loss)/gain arising from changes in financial assumptions	**8**	(5)	**37**	(26)	**(2)**
Remeasurement gain arising from experience on the plan's liabilities	**(1)**	-	**(1)**	-	**(16)**
Contributions by plan participants	**-**	-	**-**	-	**(21)**
Benefits paid	**8**	8	**30**	30	**49**
Effect of movements in exchange rates	**-**	-	**-**	-	**(35)**
Benefit obligation at end of year	**(97)**	(106)	**(449)**	(488)	**(674)**
Of which: amounts owing to active members	**-**	-	**-**	-	**(527)**
Of which: amounts owing to deferred members	**(17)**	(18)	**(193)**	(207)	**-**
Of which: amounts owing to pensioner members	**(80)**	(88)	**(256)**	(281)	**(147)**

There have been no plan amendments, curtailments or settlements for any of the defined benefit schemes during either period.

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19. Retirement benefits (continued)

Movements in fair value of assets

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

	TMcL plan		Pre-2000 fund		Swiss BVG scheme
	2025 £m	2024 £m	**2025 £m**	2024 £m	**2025 £m**
Fair value of plan assets at start of year/acquisition	**107**	104	**438**	415	**614**
Interest income	**5**	5	**21**	22	**7**
Return on plan assets, excluding interest income	**(6)**	5	**(29)**	29	**26**
Contributions by plan participants	**-**	-	**-**	-	**21**
Contributions by employer	**1**	1	**4**	4	**27**
Administrative expenses	**(1)**	-	**(2)**	(2)	**-**
Benefits paid	**(8)**	(8)	**(30)**	(30)	**(49)**
Effect of movements in exchange rates	**-**	-	**-**	-	**93**
Fair value of plan assets at end of year	**98**	107	**402**	438	**739**

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

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		Swiss BVG scheme
	2025 £m	2024 £m	**2025 £m**	2024 £m	**2025 £m**
Remeasurement gain arising from changes in demographic assumptions	**(1)**	-	**(4)**	1	**-**
Remeasurement gain/(loss) arising from changes in financial assumptions	**8**	(5)	**37**	(26)	**(2)**
Remeasurement gain arising from experience on the plan's liabilities	**(1)**	-	**(1)**	-	**(16)**
Return on plan assets, excluding interest income	**(6)**	5	**(29)**	29	**26**
Effect of asset ceiling on value of plan assets	**-**	-	**-**	-	**(8)**
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.

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19. Retirement benefits (continued)

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

	UK		Switzerland
	2025 %	2024 %	**2025 %**
Discount rate to calculate defined benefit obligation	**5.60**	4.90	**1.05**
Discount rate to calculate pension expense	**5.35**	4.90	**1.05**
Increase of pensions in payment (RPI linked)	**2.85**	3.05	**0.00**
Interest on savings account	**n/a**	n/a	**1.75**

Both UK 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).

The Swiss plan has been valued using standard mortality assumptions according to BVG 2020 tables on proportion eligible for widow's pensions, age difference between married persons (for widow's pension), and expected number and age of children eligible for orphan's pension.

These tables lead to life expectancies as follows:

	UK	
	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

	Switzerland
	2025 Years
Retiring today, age 65	
Males	**22.20**
Females	**23.98**

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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.

UK

		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**

Switzerland

		Impact on plan liability (decrease)/increase
Assumption	Change in assumption	**Total £m**
Discount rate	Increase by 0.5%	**(36)**
Increase of pensions in payment (RPI linked)	Increase by 0.5%	**23**
Life expectancy	Increase by 1 year	**10**
Interest on savings account	Increase by 0.5%	**13**

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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20. Insurance contracts liabilities

Insurance contract liabilities reflect those liabilities for former partner annuities:

	Group	
	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:

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

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21. Equity, individual members' capital and other interests

Equity

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).

Members' capital

Group and partnership

The Group is financed by members' capital. In addition, the working capital and longer-term requirements of the 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 Group's capital structure is regularly reviewed to ensure it remains relevant for the business. Movements in members' capital can be found in note 16.

On 1 October 2024 £64 million of members' capital was recognised in the Partnership through the acquisition of KPMG Switzerland and associated loans to shareholders, as set out in Note 10, representing £35 million of deferred consideration and £29 million of capital introduced by new partners. At 30 September 2025, £33 million of deferred consideration remained within members' capital.

At 30 September 2025, members' capital owed to former partners totalled £78 million, £62 million of which was classified as a non-current liability (2024: £57 million) and the remaining £16 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 £265 million (2024: £160 million) reflect Amounts due to members of £367 million (2024: £207 million) offset by Amounts due from members of £102 million (2024: £47 million). These balances relate to tax withheld from allocated profits, the portion of adjusted Group accounting profits which fall to be recognised as a liability and certain historical reserves allocated to members following a member vote, less amounts paid to 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 Group's principal financial instruments arise directly from its operations. 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 Group.

The 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 Group and Partnership to each of the above risks and the objectives, policies and processes for measuring and managing risk.

During the year, the 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 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 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.

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Forming part of the consolidated financial statements

22. Financial instruments (continued)

a) Accounting classifications and fair values

The estimated fair values of the 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 Group's and Partnership's financial assets and financial liabilities. The only assets designated at fair value for the 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). 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.

		Group		Partnership	
	Note	**2025 £m**	2024 £m	**2025 £m**	2024 £m
At amortised cost					
Trade and other receivables	14	**1,400**	1,044	**1**	-
Other non-current assets	13	**6**	3	**-**	-
Cash and cash equivalents	16	**144**	201	**5**	-
Total financial assets at amortised cost		**1,550**	1,248	**6**	-
Financial assets designated as at fair value through profit or loss					
Other financial assets	15	**38**	32	**-**	-
Total financial assets at fair value through profit or loss		**38**	32	**-**	-
Total financial assets		**1,588**	1,280	**6**	-
Non-derivative financial liabilities measured at amortised cost					
Amounts due to members		**265**	160	**-**	-
Lease liabilities	23	**527**	412	**-**	-
Members' capital – current and non-current		**266**	211	**63**	-
Trade and other payables	17	**200**	252	**2**	-
Short-term bank borrowing	16	**25**	-	**-**	-
Other non-current liabilities	13	**62**	58	**-**	-
Total non-derivative financial liabilities measured at amortised cost		**1,345**	1,093	**65**	-
Financial liabilities designated as hedging instruments and measured at fair value					
Other financial liabilities	17	**3**	2	**-**	-
Total financial liabilities at fair value – in hedge accounting		**3**	2	**-**	-
Total financial liabilities		**1,348**	1,095	**65**	-
Total net financial instruments		**240**	185	**(59)**	-

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

Interest rate risk

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

The financial assets and liabilities of the Group and Partnership are non-interest bearing, with the exception of the following:

		Group		Partnership	
	Note	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Fixed rate instruments					
Lease liabilities	23	**(527)**	(412)	**-**	-
Bonds	15	**28**	24	**-**	-
Variable rate instruments					
Cash and cash equivalents	16	**144**	201	**5**	-
Short-term bank borrowings	16	**(25)**	-	**-**	-

Cash flow sensitivity analysis for variable rate instruments

A reasonable change in interest rates is not expected to have a material impact on 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 Group entities are assessed individually and include pounds sterling, Swiss franc, euro, US dollar and Indian rupee. The Group trades primarily in the respective functional currencies of the Group entities however, certain expenses and charges from other KPMG International member firms or other international relationships are denominated in currencies other than the functional currency. In addition, some fees are rendered in other currencies where this is requested by the clients involved.

The 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 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.

Foreign currency balances represented 8% (2024: 5%) of total current assets and 3% (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 Group profits, therefore, no sensitivity analysis has been disclosed.

The 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 Group being pounds sterling.

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22. Financial instruments (continued)

Foreign currency exposures are also hedged 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 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 Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The 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 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 gain) 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 Group:

	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	**1**	1	**(2)**	(1)
Balance at end of year	**-**	(1)	**(3)**	(1)

There was no hedge ineffectiveness recognised in the Group 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 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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the 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 Group does not require security in respect of financial assets.

The 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 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 Group's and Partnership's financial assets as set out in the table in section a) of this note.

d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The 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 Group's reputation.

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

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

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

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

The Group and Partnership have non-derivative financial liabilities as set out in the table earlier in this note. 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.

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23. Leases

Leases as a lessee

The Group lease a number of office facilities. The periods of the leases vary between 1-25 years; lease payments are generally subject to periodic rent review. The 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 Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. 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 Group are prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings the Group 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 Group 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	Motor vehicles £m	**Total £m**
Cost					
Balance at 1 October 2023	542	8	7	14	571
Additions	3	2	-	-	5
Disposals	(31)	(4)	-	(14)	(49)
Exchange difference	(4)	-	-	-	(4)
Balance at 30 September 2024	510	6	7	-	523
Additions	**16**	**1**	**-**	**3**	**20**
Acquisitions from business combinations	**135**	**-**	**-**	**6**	**141**
Disposals	**(1)**	**-**	**-**	**-**	**(1)**
Exchange difference	**5**	**-**	**-**	**-**	**5**
Balance at 30 September 2025	**665**	**7**	**7**	**9**	**688**
Declaration and impairment					
Balance at 1 October 2023	166	6	2	14	188
Charge for the year	33	2	-		35
Disposals	(28)	(4)	-	(14)	(46)
Exchange difference	(2)	-	-	-	(2)
Balance at 30 September 2024	169	4	2	-	175
Charge for the year	**44**	**2**	**1**	**3**	**50**
Disposals	**(1)**	**-**	**-**	**-**	**(1)**
Exchange difference	**(1)**	**-**	**-**	**-**	**(1)**
Balance at 30 September 2025	**211**	**6**	**3**	**3**	**223**
Net book value					
At 1 October 2023	376	2	5	-	383
At 1 October 2023	341	2	5	-	348
At 30 September 2025	**454**	**1**	**4**	**6**	**465**

At 30 September 2025 there are no balances held in the Partnership for right of use assets.

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23. Leases (continued)

Lease liabilities

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

	Group	
	2025 £m	2024 £m
Within 1 year	**52**	36
Between 1-5 years	**210**	165
More than 5 years	**346**	284
Total undiscounted lease liabilities at 30 September	**608**	485
Lease liabilities included in the statement of financial position at 30 September:	**527**	412
Current	**43**	27
Non-current	**484**	385

Movement in lease liabilities

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

	Group	
	2025 £m	2024 £m
Recognised on 1 October	**412**	453
Additions and adjustments	**141**	-
Lease payments	**21**	7
Lease payments	**(65)**	(56)
Interest expense on lease liabilities	**13**	11
Exchange differences	**5**	(3)
	527	412

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss:

	Group	
	2025 £m	2024 £m
Interest expense on lease liabilities	**13**	11
Expenses relating to leases of low-value assets accounted, excluding short-term leases of low-value assets	**1**	1
Expenses relating to short-term leases	**-**	-

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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 £6 million (2024: £1 million) for the Group. These commitments are expected to be settled in the following financial year.

25. Related parties

The Group has a related party relationship with its key management, considered to be the members of the Board and the Executive Committee who are also individual members of the Partnership.

Transactions with key management

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

The Partnership does not finalise the division of Group profits amongst members until after the financial statements have been finalised and approved by the members. The estimated Group profit entitlement due to the Partnership's key management in respect of the current year totalled £31.2 million (2024: £23.3 million profit entitlement due to key management personnel of KPMG LLP) and is all expected to be settled by subsidiaries of the Partnership.

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 members' capital.

Amounts due to key management of the Partnership and the Group are as follows:

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

Total members' capital invested by key management in the Partnership amounted to £14 million at 30 September 2025 (2024: £13 million).

Transactions with fellow Group entities

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

	Partnership	
	Services provided by fellow Group entities £m	Services provided to fellow Group entities £m
2025		
Group undertakings – other services provided	-	1

Also during the year ended 30 September 2025 the Partnership received distributions of £20 million from Group undertakings. The receivable arising from this distribution was set-off against the £20 million up-front consideration paid by KPMG LLP on the Partnership's behalf, as set out in Note 10.

At 30 September 2025 amounts due from Group undertakings totalled £1 million. There were no amounts due to Group undertakings.

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26. Group undertakings

All of the 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 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[8]	Audit services	Gibraltar registered auditor	100[2]
KPMG Advisory Limited	Gibraltar[8]	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]
KPMG Holding AG	Switzerland	Holding company	None	100[2]
KPMG AG	Switzerland	Professional services	None	100[2]
KPMG (Liechtenstein) AG	Switzerland	Professional services	None	100[2]
KPMG Tax and Legal Services AG	Switzerland	Professional 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.

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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 Dorey 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. Group undertakings (continued)

With effect from 1 October 2024, the Partnership acquired KPMG LLP ('KPMG UK') and KPMG Holding AG ('KPMG Switzerland'), as part of the merger of the previously independent practices of the KPMG member firms in UK and Switzerland. A cost of investment of £78 million arose on the acquisition of KPMG Switzerland, as detailed in Note 10.

The 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 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 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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Appendix

Climate-related financial disclosure



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Climate-related financial disclosure

Introduction

On 1 October 2024, KPMG Holding LLP ('the Partnership') acquired the previously independent practices of the KPMG member firms in UK and Switzerland (together, the 'Group'). KPMG in the UK ('KPMG UK') and KPMG in Switzerland ('KPMG Switzerland') are members of the KPMG International global organisation of member firms providing Audit, Tax & Legal, and Advisory services to a wide variety of public and private sector organisations.

As a Group, this is our first consolidated Climate-related Financial Disclosure (CFD) to provide a coherent and connected picture as we continue to transition to a lower carbon economy. We recognise the impact that businesses like ours have on people and the planet, and the vital role we have as an organisation to drive real, sustainable environmental change. We are committed to making a difference by reducing our own climate impact as well as helping our clients measure, understand and better communicate their own footprint. As a values-led firm, we have a duty to take action and build climate-related resilience within our value chain.

We publish additional ESG-related disclosures alongside our consolidated financial statements, and are committed to sharing our ESG performance through 'Our Impact' websites, as well as KPMG UK's 'Planet Impact' report and KPMG Switzerland's 'Our Impact Plan' report. Our CFD disclosure is in line with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and The Limited Liability Partnerships (Climate-related Financial Disclosure) Regulations 2022.

As a Group, we have begun to make progress on aligning across the four Taskforce on Climate-related Financial Disclosures (TCFD) pillars (Governance, Strategy, Risk Management and Metrics & Targets) and will continue to do so over the coming year. We recognise we are on a journey and are committed to continual improvement, monitoring and review.



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Climate-related financial disclosure

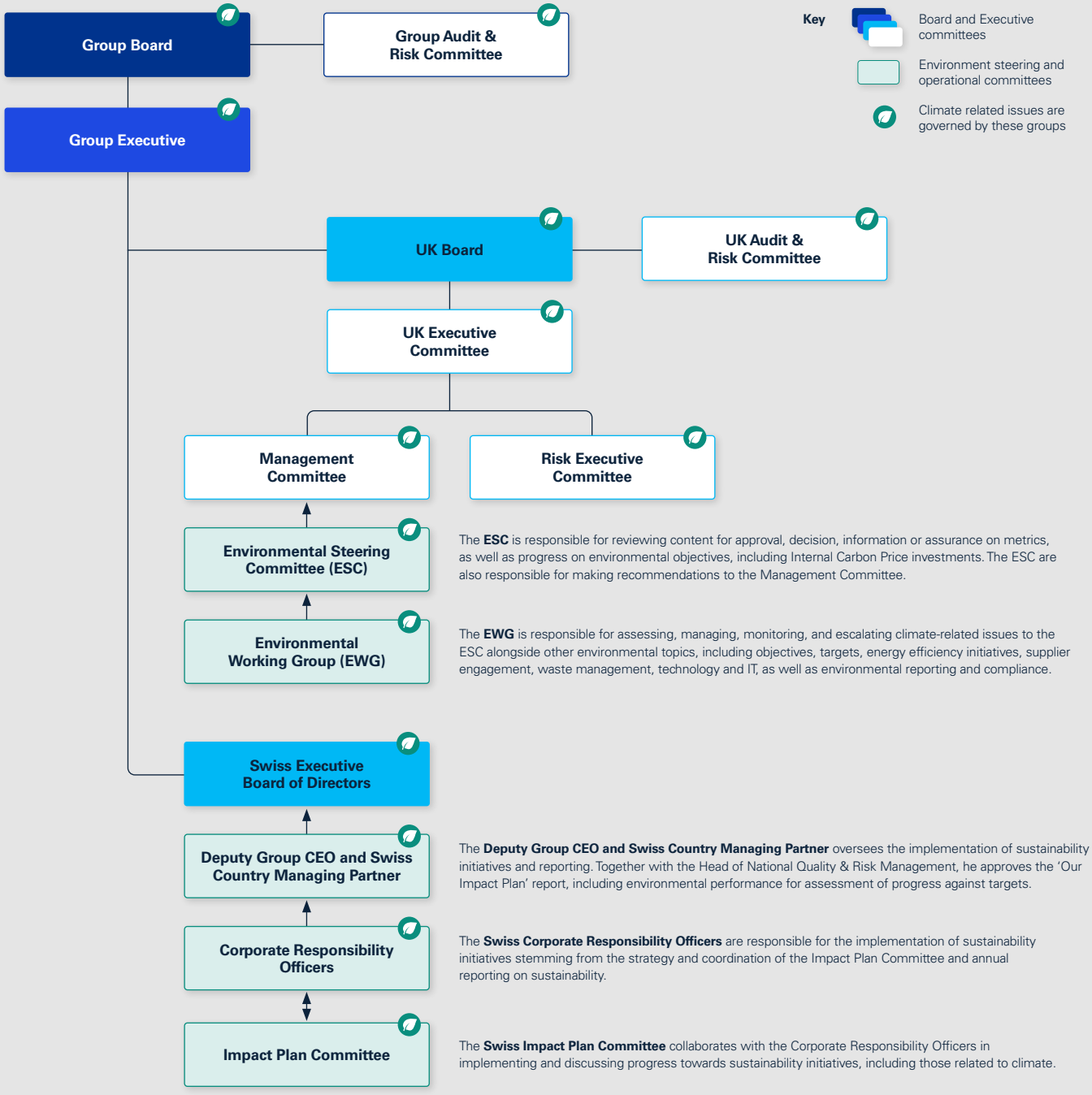
Continued

Our structure and governance

Governance

As a result of the merger between KPMG UK and KPMG Switzerland, a new governance structure has been established, which came into effect on 1 October 2024. For details regarding the new structure please visit 'Our leadership'.

The governance description relates to the structure that has been in place throughout our 2025 financial year (1 October 2024 to 30 September 2025). Responsibilities for climate are incorporated into our governance structure as shown below:



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Climate-related financial disclosure

Continued

Strategic and Board oversight of the firm's approach to climate

Within this section, we have outlined the Group governance structure, as well as the respective KPMG UK and KPMG Switzerland governance bodies.

Considering KPMG's member firm network, we also engage and align with the KPMG International Global Impact Program while driving our respective ESG strategies and communicating our progress to our clients and employees.

KPMG Holding LLP

The Group Board is responsible for approving ESG strategy, risk, delivery and public reporting. The Group Executive Committee and the Group Audit & Risk Committee (ARC) assist the Group Board in its oversight of ESG-related public reporting for the Group, including reviewing our Climate-related Financial Disclosure Report before it is submitted to the Group Board. At a minimum, the Group Board receives annual updates on climate-related issues as part of the Annual Review cycle. In FY25, both KPMG UK and KPMG Switzerland managed their own operational responsibility through the respective governance forums detailed below.

KPMG UK

The UK Board is responsible for ensuring KPMG UK's strategy, including ESG strategy, is aligned with that approved by the Group Board. The UK Board is also responsible for approving the KPMG UK elements of the annual Group budget and business plan to deliver on this strategy. In addition, the UK Board is responsible for public reporting for KPMG UK, except where authority is delegated to the UK Executive Committee, as detailed below. During FY25, the UK Board discussed climate-related matters twice; within the FY24 public disclosures (including CFD) and within an update on ESG-related client services within the business plan.

In FY25, the UK Executive Committee and the UK ARC assisted the UK Board in its oversight of KPMG UK's ESG-related public reporting, with specific oversight responsibility of the independent assurance of KPMG UK's ESG data. For example, in FY25 the UK Executive Committee, followed by the UK ARC, oversaw the independent assurance process over KPMG UK's FY24 Planet report, which contains our climate-related performance data.

The Environment Steering Committee (ESC) met four times in FY25. The ESC is composed of the Group Chief Financial Officer, Group Digital Chief Operating Officer (COO), Markets Deputy COO, Head of Sustainable Supply Chain & Travel and the Head of Corporate Responsibility & Sustainability. The ESC is chaired by the Corporate Services COO (UK) and attended by members of the Corporate Responsibility & Sustainability team.[1]

The Environment Working Group (EWG) met eight times during FY25 and is responsible for managing climate-related issues. The EWG also discusses Internal Carbon Price (ICP) investments and operational decisions in buildings, supply chain, travel and climate-related technology to be put forward for review and approval by the ESC. The EWG is chaired by the Deputy Head of Corporate Responsibility & Sustainability.

KPMG Switzerland

The Swiss Executive Board of Directors is responsible for discussing and identifying measures to reach sustainability targets. In FY25, the Board received an update on travel trends and potential reduction mechanisms.

In FY25, the Deputy Group CEO & Swiss Country Managing Partner received four updates on sustainability matters from the Swiss Corporate Responsibility Officers. Examples of sustainability-related issues discussed during the financial year include updates to budget and strategy, including sustainability initiatives, as well as refinement of reporting processes and responsibilities, and updates on climate-related management activities.

The Swiss Impact Plan Committee met four times in FY25. The Committee brings together representatives from Human Resources, Facility Management, Procurement, Marketing & Communications, National Quality & Risk Management, Finance, Corporate Sustainability Services, Corporate Security and Digital Business Technology.

1 Please note the roles of ESC members listed are current at the time of publication.

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Strategy

Strategy and scenario analysis

We are committed to addressing our impact on the environment and building a more sustainable and resilient future. Through our KPMG UK 'Our Impact' website and KPMG Switzerland 'Our Impact Plan' report, we outline a clear ESG strategy, supported by key commitments and actions. Following the merger, we have updated and strengthened our Group-wide understanding of climate-related risks and opportunities through consolidated climate scenario analysis.

This enhanced understanding reflects a shared commitment among senior leadership to maintain a clear focus on climate action and provides a robust foundation for informed strategic decision-making. As a Group, we share a common vision to integrate climate-related priorities into our strategic and operational planning:

Our people: As a people business, attracting, developing and retaining talent is critical to our long-term success. We strive to live up to the expectations of our people, both through the work we do and how we do it. We continue to build new capabilities, provide ESG-related training and integrate climate considerations across our service delivery and operating model. The physical impacts of climate change may also affect the well-being and safety of our people. While climate hazards may pose risks to certain locations, our flexible operating model helps to ensure the safety of our people and continuity of operations.

Our clients and audited entities: Climate change and the transition to a low-carbon economy affect the sectors we serve and the expectations our clients and audited entities have of us as their professional services provider. Maintaining trust and credibility is central to our strategy. We recognise that insufficient climate ambition could affect stakeholder confidence and trust. Accordingly, we continue to strengthen our environmental strategy, advance decarbonisation initiatives and engage transparently with stakeholders to remain a trusted partner in the transition to net-zero.

Our products and services: Rapidly evolving regulatory, legal and macroeconomic developments are reshaping client priorities and the demand for our services. We aim to create value for our key client sectors by supporting their transition to low-carbon business models. We continue to evolve our service offerings and sector expertise to strengthen resilience, protect KPMG's long-term value and capture opportunities arising from the low-carbon transition. As policies, markets and technologies advance, we work with partners and suppliers to evaluate how new solutions can be deployed responsibly and sustainably.

Wider stakeholders: Government policy and collaboration with key stakeholders are essential for effective climate action. We engage with policymakers, NGOs, industry bodies and regulators to support the development of climate-related standards and frameworks that shape the business environment in which we and our clients operate.

We engage with stakeholders across our value chain to ensure climate considerations are embedded in how we operate, partner and create value. To deliver on these commitments and safeguard our business, it is essential that we understand the climate-related risks we face, while also seizing the new business opportunities that the transition presents.

Approach to scenario analysis

Our strategic response considers both the potential magnitude and time horizon of climate-related risks and opportunities. To ensure climate considerations are integrated into our decision-making processes, the following time horizons in this report align with the Group's strategic planning processes in the short-term, and decarbonisation targets and strategy in the medium- to long-term.

Time horizon	From (years) - to (years)	Explanation
Short-term	0-3	Takes into consideration our shorter-term strategy and forecasting.
Medium-term	3-10	In alignment with KPMG UK and KPMG Switzerland's commitments (see Metrics & Targets section).
Long-term	10-30	In alignment with our longer-term targets.

Transition risk and opportunity scenario analysis: Transition risks and opportunities were assessed using net-zero orderly / Paris-aligned net-zero (1.5°C) and Middle of the Road disorderly (2°C) scenario pathways compared to a business-as-usual (4°C) pathway (see definitions below). These are widely used scenarios across the market which enable us to assess our strategic and financial resilience under contrasting temperature pathways and identify actions that strengthen long-term resilience. In addition to our qualitative assessment, we also renewed our quantitative scenario analysis for select transition risks and opportunities using KPMG's Climate IQ capability. This enabled us to understand how transition-related socioeconomic and policy impacts may affect our firm and the professional services sector we operate in.

Scenario pathway[2]	Narrative & example impacts
4°C business-as-usual	No further policies or commitments are introduced to reduce greenhouse gas (GHG) emissions, leading to reduced socioeconomic disruption relative to a 1.5°C or 2°C scenario.
2°C Middle of the Road disorderly	Global GHG emissions reduce more slowly until 2030, at which point policies encouraging decarbonisation are implemented, resulting in an uneven transition.
1.5°C net-zero orderly/ Paris-aligned net-zero	Global decarbonisation trajectory achieved through annual reduction driven by immediate action to achieve a lower carbon economy.

2 All scenario pathways are hypothetical and not predictive. They illustrate possible futures under specific assumptions to help assess potential impacts and build resilience across a range of plausible climate outcomes.

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Physical risk scenario analysis: We also performed a quantitative physical risk assessment under three pathways (RCP 2.6, RCP 4.5 and RCP 8.5[3]) to understand the physical risks to our locations out to 2100. In FY25 we renewed our analysis across 10 different climate hazards using our external physical risk provider.

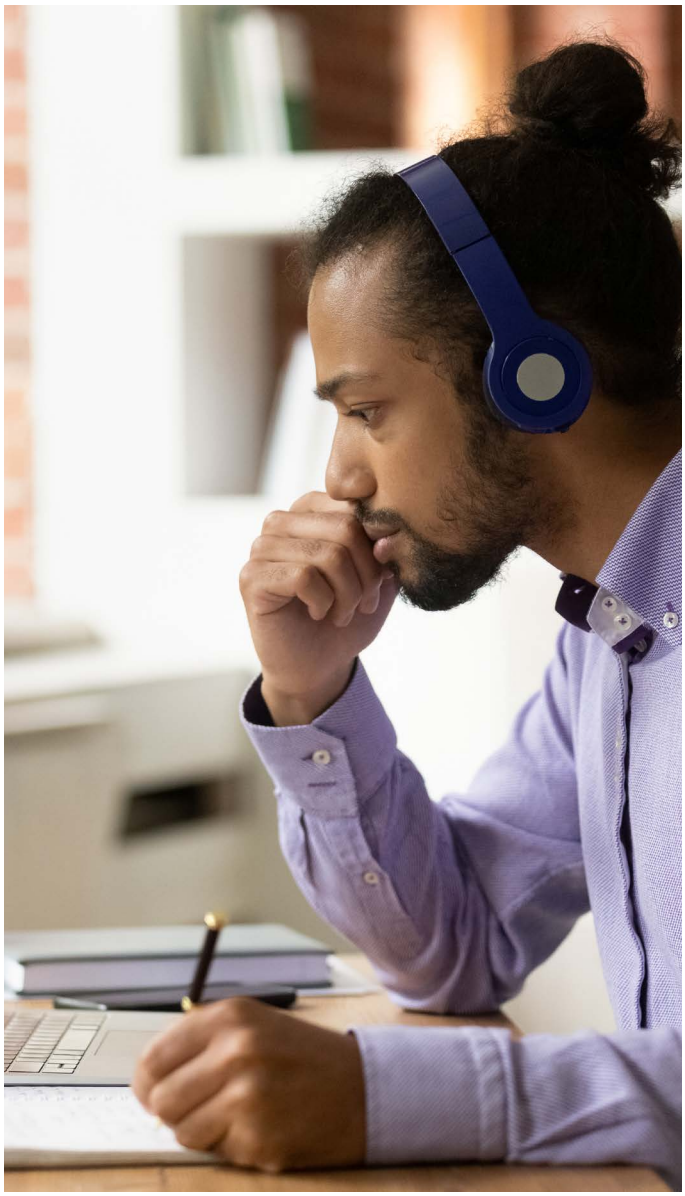
Scenario analysis underlying assumptions and sources

Models provide a simplified understanding of a complex reality. We have used the following sources to inform our assessment:

- **Transition risks & opportunities**: Transition risks were modelled using KPMG Climate IQ, an Integrated Assessment Model (IAM) scenario analysis tool, which comprises a Computable General Equilibrium (CGE) model, an energy transition model, and a GHG emissions projections model. The IAM develops scenarios based on constraining GHG emissions associated with different economic activities to align with different temperature pathways, which could result in sector- and region-specific macroeconomic shifts. The IAM incorporates a variety of robust, academic sources and its outputs are benchmarked against external scenario modelling suites, peer-reviewed by external academics to ensure robustness and credibility of the analysis.
- **Physical risk**: Our provider uses both General Circulation Models (CMIP5 and/or CMIP6 data) and Regional Circulation Models.

Integrating scenario analysis findings into risk management and business strategy

Over the coming year, we plan to share the findings of the climate scenario analysis across the Group to further strengthen the integration of climate considerations into our risk management, business continuity, strategy and business planning. Our strategic response to climate-related risks and opportunities, outlined below, ensures climate considerations are embedded across our business to inform our decision-making and strategic planning. Although our scenario analysis considered multiple temperature pathways, this disclosure consolidates the findings to reflect a broader low-carbon transition and our associated strategic response.



3 "Representative Concentration Pathways". These are climate change scenarios to model GHG concentration trajectories. They are used to represent potential warming pathways (e.g. RCP8.5 is considered a "high GHG emissions pathway").

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Risk or opportunity	Time horizon	Potential impact on business model and strategy	Strategic response
Transition opportunities			
Potential growth opportunity in client sectors due to the low carbon transition Transition to low-carbon business models creates opportunities to evolve service offerings and sector expertise	Medium- to long-term	The scale and pace of opportunity across our key client sectors may vary under different climate pathways to 2050, but growth potential exists for key client sectors in both transition scenarios (1.5°C and 2°C).	We are continuing to enhance and adapt our service offerings to align with shifting sector dynamics in line with client needs. Through regular strategic review and targeted engagement, we ensure our services remain aligned with emerging regulations, market expectations and technological innovation. To support this, over the coming year we intend to socialise our updated scenario analysis findings across the Group to highlight the risks and opportunities of the low carbon transition across all capabilities. Our wide range of services and expertise across sectors results in an underlying level of resilience in the firm as risks arise in the different scenarios considered.
Rising demand for climate-related services Regulatory requirements and market expectations drive demand for climate reporting, assurance and transition services.	Medium- to long-term	Growing demand for climate and ESG-related services may present an opportunity to support clients in their transition to a low-carbon economy out to 2050.	We are continuously investing in talent, technology and strategic partnerships to strengthen our capabilities and expand our climate-related service offerings, including transition planning, ESG strategy and ESG assurance. This enables us to support clients in decarbonising their operations, creating long-term value and building resilience in a changing regulatory, technological and market environment. We also engage with regulators, policymakers and industry bodies to support the development of climate-related standards and frameworks that shape the environment in which we and our clients operate. For example, KPMG are active members of frameworks and initiatives, such as the Taskforce on Nature-related Financial Disclosures (TNFD) and Climate Financial Risk Forum (CFRF).
Transition risks			
Potential contraction in client sectors due to the low carbon transition Transition to a low-carbon economy could cause some sectors to contract.	Medium- to long-term	Potential contraction across certain client sectors undergoing structural changes may vary under different climate pathways to 2050, but downside risk may occur under both transition scenarios (1.5°C and 2°C).	We are continuing to engage with regulators to understand evolving market expectations and actively support our clients across sectors in their low carbon transition. By working closely with clients in these sectors to develop credible transition plans and decarbonisation strategies, we strengthen their long-term resilience to these externalities and protect KPMG's own value and market relevance.

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Risk or opportunity	Time horizon	Potential impact on business model and strategy	Strategic response
Transition risks (cont.)			
Impact on client credibility & trust Limited climate ambition, progress on targets and reliance on a high-carbon delivery model could affect client trust as well as our competitiveness in tenders and at contracting, particularly as requirements become more ambitious and stringent over time.	Short- to long-term	Limited climate ambition or progress towards targets could affect client trust, market access and brand reputation across the short- to long-term.	As a Group, we are continuing to advance our own climate ambitions to lead by example and remain a trusted partner in the transition to net-zero. We are continuing to align across the four pillars of TCFD (Governance, Strategy, Risk Management, Metrics & Targets), including enhancing our environmental strategy to embed climate considerations across our operations and decision-making. Across our estate, we purchase renewable electricity and continue to invest in measures to improve efficiency and reduce consumption through the use of our ICP funds. In addition to our own operations, we are addressing GHG emissions in our value chain. This includes understanding our technology and digital infrastructure footprint and implementing associated energy efficiency initiatives, as well as engaging strategically with our key suppliers to encourage carbon reductions across our value chain. We operate responsible supply chain initiatives across the Group aligned with the principles of the UN Global Compact, which are designed to engage our top suppliers to help manage their environmental impact. To support informed decision-making, in FY22 KPMG UK developed a principle-led decision-making framework, 'ACCEPT', with strong ESG links in the "All Stakeholders Matter" and "Positive Intent framework" sections. KPMG UK have also produced risk appetite statements, including ESG matters, for higher risk sectors, including oil & gas, defence and gambling. We are planning to implement these initiatives where relevant within KPMG Switzerland in the coming year.
Impact on talent attraction & retention Insufficient climate ambition may reduce ability to attract and retain talent.	Short- to medium-term	Potential impacts on workforce engagement could occur.	We are committed to reducing our operational GHG emissions and minimising our wider environmental footprint. 'Our Impact' websites are available to employees and the public to demonstrate our ambition, as well as targets and associated processes to reduce our environmental impact. We are also continuing to engage our employees through campaigns and communication on our progress. To support in engaging and upskilling our employees on climate and ESG we have created a selection of ESG learning offerings. We have developed a bespoke set of learning modules on ESG essentials, including a selection developed in collaboration with Cambridge Judge Business School. In KPMG Switzerland, ESG training sessions for Audit Partners, Directors and all members of the Audit Managers group were also held at the FY25 Annual Audit Conference.
Compliance with climate reporting requirements Evolving regulatory expectations around climate disclosure may result in additional costs and, if non-compliant, financial penalties and reputational damage.	Medium- to long-term	Reputational and financial impacts could occur due to evolving regulatory requirements and stakeholder expectations out to 2050.	Through our Enterprise Risk Management (ERM) framework and risk management process, we are continuing to monitor regulatory requirements across our operations to ensure we are aligned with these requirements and have sufficient internal controls in place that maintain transparency and stakeholder confidence. For example, within KPMG UK, on a quarterly basis we produce an Emerging Risk Radar (using a 'PESTLE' framework) where we horizon scan to identify emerging risks that may impact the firm. This involves analysing the potential impact of specific risks across several categories: Political, Economic, Social, Technological, Legal and Environmental. We are in the process of rolling out this approach in KPMG Switzerland.

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Risk or opportunity	Time horizon	Potential impact on business model and strategy	Strategic response
Physical risks			
Exposure to extreme weather (acute and chronic) Extreme weather events could lead to financial loss through contents damage or operational disruption.	Short- to long-term	Certain locations may face exposure to climate hazards.	We are taking measures to strengthen our resilience to physical risks across our operations. Our business continuity programmes are designed to minimise disruption to operations from physical risk impacts. Across our estate, offices have additional physical risk mitigation measures and responses proportionate to local risks. Our data centres are outsourced to disperse risk, and we continue to migrate our systems to the cloud to increase resilience. As a service-based business, we are less exposed to energy-intensive processes and have embedded flexibility through our hybrid working model and a diversified service offering across multiple sectors to enable our operational continuity under a range of future climate scenarios.

Whilst we have made significant progress in integrating climate considerations across our business, we will continue to embed these further across relevant functions of the Group. This will help ensure that our strategic response remains robust and adaptive, with a focus on long-term resilience and value creation.

Risk management

We recognise that climate change presents a significant risk to how we operate as a business. It impacts our clients, audited entities, our partners, colleagues, contractors, wider society and the regulatory landscape that we operate within. This includes risks across the value chain, from how we work with our suppliers through to the services we provide to our clients and audited entities.

In FY25, we made significant progress towards consolidating our KPMG UK and KPMG Switzerland risk management processes into a new Group Risk Taxonomy and Group Enterprise Risk Management (ERM) framework, including integrating cross-cutting climate-related risks within this.

On a quarterly basis, we present a consolidated risk report to the Group Risk Executive, which is also shared with the Group ARC (which includes coverage of climate-related risks) and escalated as needed.

Our Enterprise Risk Management (ERM) framework

Within the Group ERM framework, we define principal or substantive risks to the firm across a Group Risk Taxonomy, which includes four Risk Families:

(i) Strategic;

(ii) Operational;

(iii) Reputational; and

(iv) Financial.

Within each Risk Family there are more granular Level 1, Level 2 and Level 3 risks, which are informed by the Group's strategic priorities, regular risk horizon scanning and ongoing consultation with senior leadership – and which also include climate-related risks.

Where we have identified a risk that requires monitoring or managing, be this a climate-related risk or other, the risk is monitored and measured across different parts of the business (countries, capabilities, sectors/market segments) and is then considered together with other risk indicators to generate Group-wide reporting to the relevant governance forums.

We use a risk impact and probability matrix which is a core tool used in the ERM framework to assess and visualise the severity of individual risks and the likelihood that these will crystallise. It helps the Group understand which risks matter most and where to prioritise management attention.

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Metrics and Targets

We are committed to contributing to a greener economy and society through our environmental objectives, including renewable energy procurement, improved energy efficiency, and ongoing supplier engagement. We have committed to the following targets to help us achieve our ambitions.

Targets

The targets described in this section relate to those in place in KPMG UK and KPMG Switzerland, respectively. We are continuing to align our operations across the four pillars of TCFD, including strengthening the integration of environmental objectives and targets and associated metrics across firms.

KPMG UK

KPMG UK first set science-based targets (SBTs) validated by the SBTi in 2020. In line with the SBTi requirements to review and resubmit targets every five years, in FY25 we received approval of our updated near and long-term targets from the SBTi, aligned to a 1.5°C pathway. This includes our commitment to reach net-zero GHG emissions across the value chain by 2050, and our long-term target to reduce scope 1, 2 and 3 emissions 90% by 2050 relative to a 2019 baseline. Our near-term targets are outlined below.

Absolute targets (2019 baseline)	Initiatives to achieve targets	Description of progress
SBTi near-term target: Reduce absolute scope 1 & 2 emissions by 75% by 2030 On track	100% renewable electricity across our estate by 2024.	We have achieved 100% renewable electricity.
	Switching to renewable gas across our estate by 2030.	We are reducing gas use across our estates through efficiency upgrades and transitioning to electric systems where possible, supported by our ICP. This includes upgrades to boilers and our building management systems, and in FY25 the transition of our Canary Wharf office kitchens from gas to electricity only. We also review renewable gas options through the EWG.
	100% electric company cars by end of 2030.	A CO2e cap has been in place for new cars for several years, and is continuing to shift our partner cars towards hybrid and electric vehicles. This cap supports our interim goal to phase out all petrol and diesel cars and replace them with hybrid or electric cars by September 2027, subject to the UK Government having invested sufficiently in the infrastructure required to support EVs.
SBTi near-term target: 64% of suppliers, by emissions, to have a science-based target by 2029. On track	Engaging 100+ suppliers to make significant carbon reductions across our supply chain.	In FY25 we refreshed our approach for capturing carbon data from suppliers, adopting the KPMG International (KPMGI) Decarbonisation Survey for the first time. We also continue to welcome suppliers to disclose under CDP. Across the UK and KPMGI, 189 suppliers were requested to share their carbon emissions data, with over 100 of those being UK suppliers. We maintain ongoing engagement with KPMG UK suppliers to upskill on: Importance of Reducing Carbon Emissions, and Setting Science-Based Targets. In addition, we have reference guides available to supplier managers on how they can work with their suppliers on SBTs.
SBTi near-term target: Reduce our emissions from business travel by 50% by 2030 On track	Aligning with our SMART travel policy and traveller security and safety programme.	We are continuing to monitor progress to our travel target in line with our target year of 2030.
Becoming a zero-waste business by 2030.	Eliminating all avoidable waste from our operations.	We have continued to make good progress to our zero-waste target, through waste initiates and implementing AI waste stream monitoring technology in our key offices.

The data underpinning the above targets is collected every six months. We regularly monitor and assess our progress against our targets, as this is key to ensuring sustainable growth and building resilience in our future operations. Further detail on our progress towards these targets, as well as associated trends, is available in our KPMG UK 'Planet Impact' report and 'Carbon Reduction Plan'.

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KPMG Switzerland

Commitments	Initiatives to achieve targets	Description of progress
KPMG International SBTi near-term target: Achieve a 50% reduction of our direct and indirect GHG emissions by 2030 compared to our 2019 baseline. Insufficient progress	Our environmental framework focuses on energy efficiency, waste reduction and the reduction of our carbon footprint.	We have achieved a 11% reduction in GHG emissions relative to baseline.[4] We have made progress on our direct, Scope 1 & 2 emissions, including achieving 100% renewable electricity since 2021 and implementing energy efficiency initiatives. We also continue to focus on Scope 3 emissions, primarily business travel and purchased goods and services. We are continuing to encourage the use of public transportation for business travel, in line with our travel and expense policy. All non-chargeable and non-client-related air travel remains subject to capability leadership approval before booking. We intend to update our travel policy and framework in the coming year. Further, we continue to monitor and evaluate our sustainable supply chain initiatives.
Purchase verified carbon credits in the amount of any remaining GHG emission we cannot remove from our operations, thus contributing to a technology-and nature-based solution to our GHG footprint.	Our carbon credit strategy follows the Oxford Principles for Net-Zero Aligned Carbon Offsetting, focusing on high-quality credits, permanence and additionality, and robust verification.	Since 2023, we have maintained an ICP to drive accountability for emissions across our operations. We purchase verified carbon credits in the amount of any remaining GHG emissions.
Give financial markets, clients and our leaders clear, comprehensive, high-quality information on the impacts of climate change.	Establish transparent, regular, and reliable climate-related reporting across all key stakeholder groups – including financial markets, clients, and internal leadership – as part of the Our Impact Plan. Provide support to our clients for navigating the sustainability regulation landscape but also to help understand and mitigate climate opportunities, risks and impacts.	In FY25, we enhanced the Non-Financial Reporting (NFR) Manual through implementing the results of an internal audit (FY24) and a review of the GHG methodology by internal subject matter experts. The GHG methodology is also published externally. We held various webinars for our clients across sectors. We also provide information on climate regulations and the transition on our website. Further we helped clients to advance their climate efforts, e.g. through the development of climate transition plans or supporting their climate-related disclosure journey.

Further detail on our progress towards these targets, as well as associated trends, is available in our KPMG Switzerland 'Our Impact Plan' report.

4 Note the progress to target stated here includes Purchased goods and services emissions.

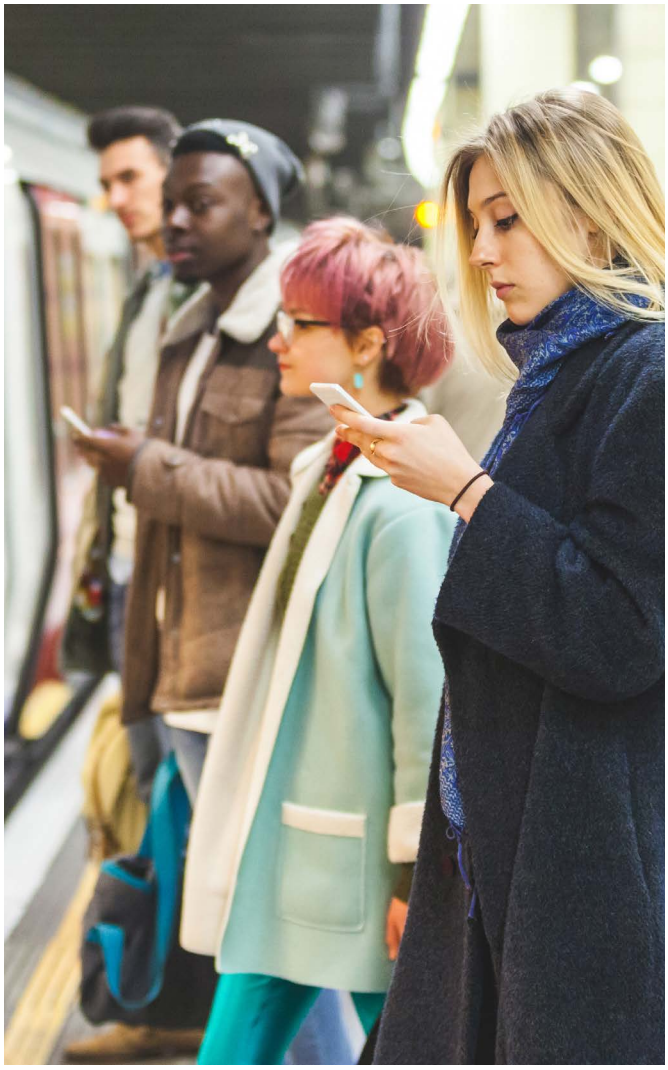
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Metrics

Following the completion of our scenario analysis exercise in FY25, we are reviewing our climate-related metrics to better reflect our updated climate-related risks and opportunities across KPMG Holding LLP. Further detail, including GHG emissions data, trends and progress against targets can be found in the KPMG UK 'Planet Impact' report and the KPMG Switzerland 'Our Impact Plan' report.



Streamlined Energy and Carbon Reporting (SECR)

This report includes our Streamlined Energy and Carbon Reporting (SECR) in line with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Information contained within this report relates to the entities under KPMG Holding LLP that fall within scope of this regulation, namely, KPMG LLP and its subsidiary undertakings where we hold operational control (hereinafter referred to as 'KPMG UK'), which includes KPMG Crimsonwing Limited, KPMG Crimsonwing (Malta) Limited and KPMG Gibraltar, and excludes the Channel Islands.

This report includes our emissions and energy use information in line with SECR. The report covers the reporting period from 1 October 2024 to 30 September 2025, with data for the comparative reporting periods from 2023 and for the baseline year 2019, also included. We use electronic data collection processes to gather our data. Where data does not exist for a full 12-month reporting period, we have estimated outstanding data by extrapolating known data. Our method for calculating GHG emissions is based on the GHG Protocol standards and guidance documents. We use carbon conversion factors issued annually by the Department for Environment, Food and Rural Affairs (DEFRA) and the Department for Energy Security and Net-Zero (DESNZ) to report carbon emissions.

Grant Thornton UK LLP were engaged to provide limited assurance over selected energy consumption and emissions data for financial year 2025. Please see KPMG UK's 'Planet Impact' report for the full assurance statement, in addition to further information on definitions and how these metrics are calculated. Further information on KPMG UK's progress to targets and planned emissions reduction initiatives can be found in our Carbon Reduction Plan.

KPMG UK's energy consumption data

Category	Emissions	FY25	FY24	FY23	FY22
Scope 1	Natural gas[5]	4,980,328	5,465,744	8,123,729	11,911,129
	KPMG owned / leased car travel	329,755	436,955	534,491	- ^
	Scope 1 (kWh) total	**5,310,083**	**5,902,699**	**8,658,220**	**11,911,129**
Scope 2	Electricity consumption	17,140,116	19,356,734	20,652,457	23,382,774
	Scope 2 (kWh) total	**17,140,116**	**19,356,734**	**20,652,457**	**23,382,774**
Scope 3	Business-related car travel	3,296,315	3,511,439	3,425,625	- ^
	Scope 3 (kWh) total	3,296,315	3,511,439	3,425,625	- ^
Total	**Scope 1, 2 & 3 energy consumption (kWh)**	**25,746,514**	**28,770,873**	**32,736,302**	**35,293,903**

^ SECR emission conversion factors for km to kWh were only introduced in 2020 in response to the requirements of the new Streamlined Energy and Carbon Reporting (SECR).

5 Inclusive of associated well-to-tank (WTT) and transmission and distribution (T&D) emissions.

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KPMG UK's GHG emissions data

Emissions	FY25	FY24	FY23	FY19
Natural gas (kgCO2e)	911,201	999,685	1,486,065	2,189,861
Owned and leased vehicles (kgCO2e)[5]	101,478[5]	134,045[6]	165,907[6]	1,138,987[6]
Fugitive emissions (kgCO2e)	258,133	48,677	102,900	148,248
Scope 1 emissions (kgCO2e)	**1,270,812**	**1,182,407[6]**	**1,754,872[6]**	**3,477,096[6]**
Electricity (location-based) (kgCO2e)	3,033,801	4,007,812	4,276,593	5,981,898
Electricity (market-based) (kgCO2e)	-	-	-	1,117,083
Scope 2 emissions (market-based) (kgCO2e)	**-**	**-**	**-**	**1,117,083**
Total – Scope 1 & 2 emissions (location-based) (kgCO2e)	**4,304,613**	**5,190,219[6]**	**6,031,465[6]**	**9,458,994[6]**
Total – Scope 1 & 2 emissions (market-based) (kgCO2e)	**1,270,812**	**1,182,407[6]**	**1,754,872[6]**	**4,594,179[6]**
Air travel, including RF (kgCO2e)[5,7]	18,315,554[5]	24,472,772[6]	18,210,932[6]	33,368,928[6]
Air travel, excluding RF (kgCO2e)[5,7]	12,064,109[5]	12,863,804[6]	10,749,706[6]	19,189,110[6]
Rail travel (kgCO2e)[5]	987,390[5]	964,228[6]	867,574[6]	1,821,621[6]
Business-related car travel (kgCO2e)[5]	1,006,125[5]	1,066,571[6]	1,048,024[6]	2,874,983[6]
Emissions from air, rail and business-related car travel including RF (kgCO2e)[5]	**20,309,070[5]**	**26,503,571[6]**	**20,126,530[6]**	**38,065,532[6]**
Emissions from air, rail and business-related car travel excluding RF (kgCO2e)[5]	**14,057,625[5]**	**14,894,603[6]**	**12,665,303[6]**	**23,885,714[6]**
Transmissions and distribution electricity (kgCO2e)[5]	317,606[5]	354,228[6]	369,991[6]	507,406[6]
Well to Tank – gas and electricity (kgCO2e)[5]	1,005,233[5]	1,130,440[6]	1,029,938[6]	257,639[6]
Waste (kgCO2e)	4,340	6,619	24,514	42,047
Employee commuting (kgCO2e)[5]	2,608,338[5]	2,942,851[6]	2,470,598[6]	7,303,679[6]
Total Scope 3 emissions (including RF), not including Homeworking, Purchased goods & services and Upstream transportation and distribution (kgCO2e)	**24,244,588**	**30,937,709[6]**	**24,021,570[6]**	**46,176,304[6]**
Total Scope 3 emissions (excluding RF), not including Homeworking, Purchased goods & services and Upstream transportation and distribution (kgCO2e)	**17,993,143**	**19,328,741[6]**	**16,560,343[6]**	**31,996,486[6]**
Homeworking (kgCO2e)	4,332,272	4,643,893	4,800,158	-[9]
Purchased goods & services (kgCO2e)[10]	-	47,531,161[11]	44,472,580[11]	71,086,673[11]
Upstream transportation and distribution (kgCO2e)[10]	-	128,338[11]	428,279[11]	1,844,991[11]
Total – Scopes 1, 2 & 3 (location-based), including RF (kgCO2e)[12]	**28,549,201**	**36,127,928[6,11]**	**30,053,034[6,11]**	**55,635,298[6,11]**
Total – Scopes 1, 2 & 3 (market-based), including RF (kgCO2e)[12]	**25,515,400**	**32,120,116[6,11]**	**25,776,441[6,11]**	**50,770,483[6,11]**
Total – Scopes 1, 2 & 3 (location-based), excluding RF (kgCO2e)[12]	**22,297,756**	**24,518,960[6,11]**	**22,591,808[6,11]**	**41,455,480[6,11]**
Total – Scopes 1, 2 & 3 (market-based), excluding RF (kgCO2e)[12]	**19,263,955**	**20,511,148[6,11]**	**18,315,215[6,11]**	**36,590,665[6,11]**
Intensity ratio – Scopes 1 & 2 (location-based) emissions per FTE (kgCO2e/FTE)	**267**	**302**	**329**	**574**
Intensity ratio – Scopes 1, 2 & 3 (location-based) emissions per FTE, including RF (kgCO2e/FTE)	**1,768**	**2,102**	**1,642**	**3,378**
Full-time equivalent workers FTE[13]	**16,152**	**17,185**	**18,308**	**16,472**

5 Inclusive of associated well-to-tank (WTT) and transmission and distribution (T&D) emissions.

6 In FY25 we updated and revalidated our science-based targets through Science Based Targets Initiative. As part of this process, the reporting methodology for owned/leased vehicle, business travel and employee commuting was enhanced to include well-to-tank (WTT) and transmission and distribution (T&D) emissions within each category. Our Scope 3 WTT metric now only includes WTT from electricity and gas consumption and our Scope 3 T&D only includes T&D emissions from electricity consumption. Prior years' data for these categories have been restated for consistency with the updated approach. See KPMG UK Planet Impact Report 2024 for previously reported figures.

7 Radiative forcing (RF): In previous years, our data included only RF, in which our air travel CO2 emissions were multiplied by the DEFRA conversion factor which includes the radiative forcing factor to account for the higher global warming potential from emissions released at higher altitudes. To align with our new SBTi targets, this SECR report shows a breakdown of emissions data both including and excluding RF.

8 2023 was the first year that we reported our Employee commuting emissions. For comparison, we have included emissions for our baseline year, 2019, in this report.

9 FY23 was the first year that we reported our Homeworking emissions.

10 Purchased goods and services and Upstream transportation and distribution emissions are reported a year in arrears.

11 In FY25 we updated and revalidated our science-based targets through the Science Based Targets initiative. As part of this process, we re-calculated our FY19 baseline Purchased goods and services emissions and Upstream transportation and distribution emissions, using our current enhanced methodology. For comparison, FY23 has also been restated using this consistent methodology. See KPMG UK Planet Impact Report 2024 for previously reported figures.

12 Totals for Scopes 1,2 & 3 emissions exclude Scope 3 – Extended categories, namely: Purchased goods and services and Upstream transportation and distribution, as reported a year in arrears, and Homeworking emissions as an optional disclosure.

13 This figure includes Partners, staff and contractors.

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Climate-related financial disclosure

Continued

Energy

In FY25, KPMG UK continued to make substantial progress with our energy-saving initiatives through the efficient design of our offices. These include:

- Nationwide printer and monitor upgrades, reducing energy consumption in our day-to-day office activities.
- Transitioning our Canary Wharf kitchen facilities to electric-only.
- Ongoing finetuning through our building energy management system (BMS) and continued replacement of existing fluorescent lighting with LEDs across the estate.
- Continued upgrades to our air handling unit motors in our Canary Wharf office to improve their efficiency.

These initiatives resulted in a decrease across both our natural gas (scope 1) and electricity (scope 2) kWh consumption relative to the prior year.

We are also continuing to modernise the refrigeration systems across our estate and in FY25 we completed a total replacement of our Canary Wharf office catering refrigeration systems. Whist this upgrade programme is ongoing, there has been a rise in fugitive emissions in FY25 and we continue these upgrades alongside our standard preventive maintenance activities.

We successfully achieved our target of using only renewable electricity in 2023 and have maintained this throughout FY25. Across our estate, 100% of our electricity continues to be backed by Renewable Energy Guarantees of Origin (REGOs) and Guarantees of Origin (GOs).

Travel

In addition to our energy efficiency initiatives, in FY25 we also continued to significantly reduce the number of petrol and diesel company cars which, alongside a reduction in mileage, contributed to a reduction of 24% in our owned/leased car emissions (scope 1) relative to the prior year.

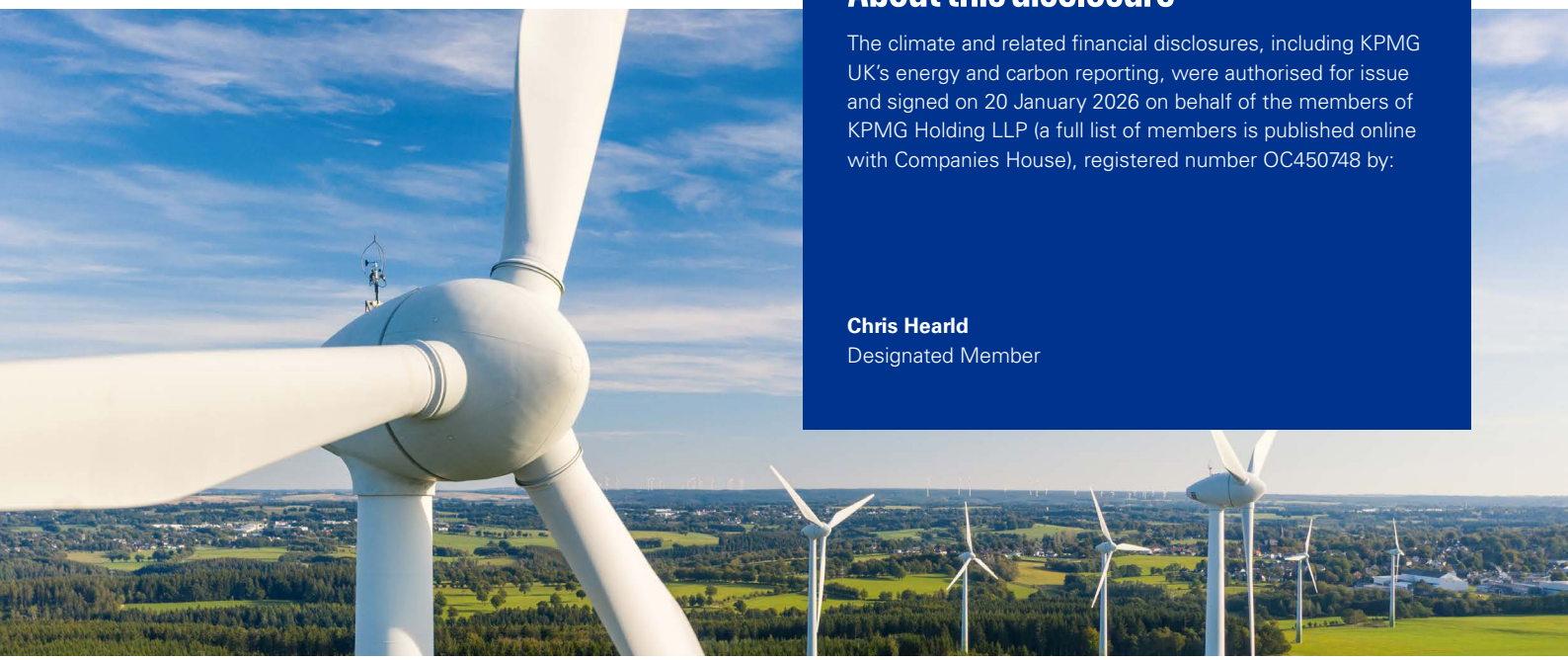
Regarding our business travel (scope 3), in FY25 the UK Government updated its emissions factors to reflect post-COVID passenger load levels, resulting in a 23% reduction in our business travel emissions compared to the previous year (including radiative forcing (RF)). Our distance travelled by air has increased by 12% since 2024 as we continued to expand into new markets. Our business-related car travel (scope 3) emissions also reduced by 6% to prior year, as our distance travelled by car decreased and the proportion of electric and hybrid vehicles increased. We continue to encourage our people through the SMART Travel Policy to make sustainable travel choices and use rail over more carbon intensive modes of transport, where possible. As our business evolves, we continue to monitor progress to our travel target in line with our target year of 2030.

We continue to monitor our energy consumption and GHG emissions on a regular basis through our governance forums, as well as through our ISO 50001 Energy Management System programme.

About this disclosure

The climate and related financial disclosures, including KPMG UK's energy and carbon reporting, were authorised for issue and signed on 20 January 2026 on behalf of the members of KPMG Holding LLP (a full list of members is published online with Companies House), registered number OC450748 by:

Chris Hearld
Designated Member



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