
Registered office

8 Baker Street, London W1U 3LL

Registered number

OC305127

Auditors

PricewaterhouseCoopers LLP,
Chartered Accountants and
Registered Auditors,
1 Embankment Place, London WC2N 6RH

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for the year ended 30 June 2007**

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Report to the members for the year ended 30 June 2007

The Management Executive presents its report, together with the audited consolidated financial statements of BDO Stoy Hayward LLP, for the year ended 30 June 2007.

Principal activities, significant changes and future developments

The principal activity of BDO Stoy Hayward LLP (the 'LLP') is the provision of professional services to clients.

The consolidated financial statements comprise the financial statements of the LLP together with its subsidiary undertakings (the 'Group'). The principal subsidiary undertakings of the LLP are set out in note 11 to the financial statements.

The LLP has no branches outside the UK and is the UK Member Firm of the BDO International network.

The LLP has granted a licence to a separate firm in Belfast which operates under the name 'BDO Stoy Hayward' but is not part of the Group and accordingly the results of the Belfast firm are not included within the LLP's consolidated financial statements. If the Belfast firm's turnover is added to the Group's turnover for the financial year, the resulting national turnover is £317.4m (2006 – £288.1m).

On 12 October 2007, the Group acquired the tax business of Chiltern plc, the UK's largest independent tax advisory firm.

Results

The Group's consolidated profit and loss account for the financial year is set out on page 57.

Designated members

The following individuals were designated members during the financial year:

- Dermot Mathias
- Jeremy Newman
- Tony Perkins
- Mark Sherfield
- Carl Williams

Drawings

The policy for members' drawings is to distribute the majority of profit during the financial year, taking into account the need to maintain sufficient funds to finance the working capital and other needs of the business. The Management Executive sets the level of members' monthly drawings and reviews this annually.

Members' profit shares

Members are remunerated solely out of the profits of the LLP and are personally responsible for funding their pensions.

The Partnership Council sets members' profit shares in advance and reviews the allocation every two years. Members' profit shares comprise:

- interest on members' balances
- a fixed amount
- a number of points, the value of which is dependent upon the level of profit achieved.

Profits are allocated in full and there is transparency among the members of the total income allocated to each individual.

Auditors

PricewaterhouseCoopers LLP was reappointed as auditor to the LLP on 30 April 2007. A resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the next members' meeting.

Statement of members' responsibilities in respect of the financial statements

The Companies Act 1985, as applied to Limited Liability Partnerships, requires the members to prepare financial statements for each financial year that give a true and fair view of the state of affairs of both the LLP and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements the members are required to:

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

The members are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985, as applied to Limited Liability Partnerships. They are also responsible for safeguarding the assets of the LLP and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are fulfilled by the Management Executive on behalf of the members. The Management Executive confirms it has complied with the above requirements in preparing the financial statements.

The members are responsible for the maintenance and integrity of the LLP's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

On behalf of the Management Executive



Dermot Mathias, Senior Partner



Jeremy Newman, Managing Partner
22 November 2007

Our figures

Independent auditors' report to the members of BDO Stoy Hayward LLP

We have audited the financial statements for the year ended 30 June 2007, which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the LLP balance sheet, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of members and auditors

The members' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Members' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report, including the opinion, has been prepared for and only for the members of the partnership in accordance with the Companies Act 1985 as applied to Limited Liability Partnerships by the Limited Liability Partnerships Act 2000 and regulations made thereunder, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, as applied to Limited Liability Partnership. We also report to you if, in our opinion, the LLP has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the sections of the Annual Report entitled Our vision, Our clients, Our world and Our business and the Report to the Members. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the LLP's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the LLP and the Group at 30 June 2007 and of the profit and cash flows of the Group for the year then ended
- have been properly prepared in accordance with the provisions of the Limited Liability Partnerships Regulation 2001 made under the Limited Liability Partnerships Act 2000.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants
and Registered Auditors, London
22 November 2007

Consolidated profit and loss account for the year ended 30 June 2007

	Note	2007 £m	2006 £m
Turnover	2	307.1	278.8
Other external charges: expenses and disbursements on client assignments		(7.6)	(7.5)
Net fees		299.5	271.3
Operating costs			
Staff costs	3	(142.3)	(119.1)
Depreciation, amortisation and impairment		(6.3)	(6.6)
Other operating costs		(77.2)	(74.3)
Operating profit	2,4	73.7	71.3
Net interest payable	5	(0.4)	(0.6)
Profit on ordinary activities before taxation		73.3	70.7
Tax on profit on ordinary activities in corporate subsidiaries	6	–	(0.1)
Profit for the financial year after taxation		73.3	70.6
Minority interests		(0.8)	(0.6)
Profit for the financial year before members' remuneration and profit shares	7,16	72.5	70.0
Profit for the financial year before members' remuneration and profit shares	7,16	72.5	70.0
Members' remuneration charged as an expense	7,16	(72.5)	(70.0)
Profit for the financial year available for discretionary division among members	7,16	–	–

The results for this year and the prior year relate to continuing activities.

Consolidated statement of total recognised gains and losses for the year ended 30 June 2007

	Note	2007 £m	2006 £m
Profit for the financial year available for discretionary division among members		–	–
Pension scheme net actuarial gain	23	4.5	0.2
Total recognised gains and losses relating to the financial year		4.5	0.2

Our figures

Consolidated balance sheet at 30 June 2007

	Note	2007 £m	2007 £m	2006 £m	2006 £m
Fixed assets					
Intangible assets	9		9.6		11.2
Tangible assets	10		12.5		11.5
Investments	11		0.3		0.3
			<u>22.4</u>		<u>23.0</u>
Current assets					
Debtors	12	112.5		102.8	
Cash at bank and in hand		13.6		21.7	
		<u>126.1</u>		<u>124.5</u>	
Creditors: amounts falling due within one year	13	(40.8)		(35.8)	
Net current assets			<u>85.3</u>		<u>88.7</u>
Total assets less current liabilities			<u>107.7</u>		<u>111.7</u>
Creditors: amounts falling due after more than one year	14		(8.6)		(11.6)
Provision for liabilities	15		(17.0)		(15.5)
Minority interests			(0.7)		(0.2)
Net assets excluding pension liability			<u>81.4</u>		<u>84.4</u>
Pension liability	23		–		(8.5)
Net assets attributable to members			<u>81.4</u>		<u>75.9</u>
Loans and other debts due to members					
Members' capital classified as a liability under FRS25	16		81.4		75.9
Total members' interests			<u>81.4</u>		<u>75.9</u>
Loans and other debts due to members	16		81.4		75.9

The financial statements on pages 57 to 76 were approved and authorised for issue on 22 November 2007 and signed on behalf of the members of BDO Stoy Hayward LLP by:



Jeremy Newman, Managing Partner



Mark Sherfield, Finance Partner

LLP balance sheet at 30 June 2007

	Note	2007 £m	2007 £m	2006 £m	2006 £m
Fixed assets					
Tangible assets	10		12.4		11.4
Investments	11		8.5		3.9
			<u>20.9</u>		<u>15.3</u>
Current assets					
Debtors	12	114.5		109.6	
Cash at bank and in hand		1.9		12.5	
		<u>116.4</u>		<u>122.1</u>	
Creditors: amounts falling due within one year	13	<u>(37.2)</u>		<u>(31.7)</u>	
Net current assets			<u>79.2</u>		<u>90.4</u>
Total assets less current liabilities			<u>100.1</u>		<u>105.7</u>
Creditors: amounts falling due after more than one year	14		<u>(8.6)</u>		<u>(11.6)</u>
Provision for liabilities	15		<u>(10.9)</u>		<u>(10.5)</u>
Net assets excluding pension liability			<u>80.6</u>		<u>83.6</u>
Pension liability	23		<u>–</u>		<u>(8.5)</u>
Net assets attributable to members			<u>80.6</u>		<u>75.1</u>
Loans and other debtors due to members					
Members' capital classified as a liability Under FRS 25	16		<u>80.6</u>		<u>75.1</u>
Total members' interests			<u>80.6</u>		<u>75.1</u>
Loans and other debts due to members	16		<u>80.6</u>		<u>75.1</u>

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Jeremy Newman, Managing Partner



Mark Sherfield, Finance Partner

Our figures

Consolidated cash flow statement for the year ended 30 June 2007

	Note	2007 £m	2006 £m
Net cash inflow from operating activities	20	71.7	72.1
Returns on investments and servicing of finance	21	(0.8)	(0.6)
Taxation	21	—	(0.1)
Capital expenditure and financial investment	21	(4.0)	(6.6)
Acquisitions and disposals	21	1.2	(0.3)
Transactions with members and former members	21	(71.6)	(52.4)
Cash (outflow)/inflow before financing		(3.5)	12.1
Financing	21	(4.6)	0.3
(Decrease)/Increase in net cash in the year	22	(8.1)	12.4

Notes forming part of the financial statements for the year ended 30 June 2007

I Accounting policies

The principal accounting policies used in the preparation of the financial statements for the year ended 30 June 2007 are as follows:

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with generally accepted accounting standards in the United Kingdom and the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships'.

Basis of consolidation

The financial statements consolidate the results and financial position of the LLP and all its subsidiary undertakings (the 'Group'), other than where the members consider that 'severe long-term restrictions' exist over the Group's control of a subsidiary such that consolidation is not permitted under FRS 2, 'Accounting for Subsidiary Undertakings'. In addition, the Group does not consolidate entities as proscribed by FRS 2 'Accounting for Subsidiary Undertakings', where it has control and a management role, but only a notional entitlement to economic benefit from these entities. Where this is the case such subsidiaries are accounted for at the cost of investment.

As permitted by Section 230 of the Companies Act 1985 no separate profit and loss account is presented for the LLP.

Turnover

Turnover represents the fair value of professional services provided during the year to clients. Turnover is recognised as contract activity progresses and the right to consideration is earned. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, skills and expertise provided and expenses incurred, but excludes VAT.

Turnover in respect of contingent fee assignments (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs and the fee is assured.

Turnover which has been recognised but not invoiced by the balance sheet date is included in debtors in 'accrued income'. Amounts invoiced in advance are included in creditors in 'accruals and deferred income'.

Goodwill

Goodwill arises on acquisitions and represents the excess of the fair value of the consideration given and associated costs over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and written off on a straight line basis over its expected useful economic life and provision is made for any impairment in value. The expected useful economic life of goodwill is assessed for each acquisition individually and currently ranges from seven to ten years.

Tangible fixed assets

The cost of tangible fixed assets is written off by equal annual instalments over their expected useful lives. The depreciation rates applied to tangible fixed assets are as follows:

Leasehold improvements

The shorter of five years or the period of the lease

Fixtures and fittings

Five to eight years

Computer equipment

Three years

Motor vehicles

18.75% of cost for the first four years and 6.25% of cost for the next four years

Leases

Any lease which entails taking substantially all the risks and rewards of ownership of an asset is treated as a 'finance lease', as detailed in SSAP 21 'Accounting for Leases and Hire Purchase Contracts'. The asset is recorded as a tangible fixed asset at its fair value and depreciated over its estimated useful life, or the term of the lease, whichever is shorter.

Future instalments under such leases, net of finance charges, are included within creditors. Rental payments are apportioned between the interest element, which is charged to the profit and loss account, and the capital element, which reduces the outstanding obligation for future instalments.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Investments

Fixed asset investments are included at cost less any provision required for permanent diminution in value.

Taxation

The taxation payable on the LLP's profits is a personal liability of the members during the year. Retention from profits earned up to the balance sheet date is made to fund payment of taxation on members' behalf.

Some of the companies included within these consolidated financial statements are subject to corporation tax based on their profits for the financial year.

Deferred tax is provided in full in respect of taxation of the subsidiary companies that is deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax balances are not discounted. Deferred tax assets are recognised where recoverability is reasonably certain.

The retention for taxation, which is included within members' interests, in the LLP also takes into account taxation recoverable or payable by the members, but deferred because of timing differences between the treatment of certain items for taxation and that for accounting purposes. Such provision is made to the extent that it is considered material in the context of the need to maintain an equitable treatment between members from year to year.

Our figures

Notes forming part of the financial statements for the year ended 30 June 2007

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Professional insurance

Provision is made on a case-by-case basis in respect of the cost of defending claims and, where appropriate, the estimated cost of settling claims where such costs are not covered by insurance. Outstanding claims are reviewed each year and adjustments to provisions are made as appropriate in the current year.

In common with comparable businesses, the Group is involved in a number of disputes in the ordinary course of business, which may give rise to claims. The Group carries professional indemnity insurance and no separate disclosure is made of the cost of claims covered by insurance as to do so could seriously prejudice the position of the Group.

Dilapidations and surplus property provisions

Provision is made for estimated dilapidations over the final ten years of a lease or the period of the lease if the lease has a term of less than ten years. The costs related to the repair and maintenance of equipment and properties that are used by the Group and for which the Group has responsibility to maintain or may be liable for dilapidation, are written off as they arise.

Provision has been made for all future net rental costs relating to properties which are not used by the Group and annual costs are charged against this accrual, with any difference between the estimated and actual costs being taken to the profit and loss account.

Allocation of profits and drawings

At the beginning of every second financial year the Partnership Council sets the level of profit allocations in advance in respect of the LLP's profits and the Management Executive, on an annual basis, sets the members' monthly drawings after considering the LLP's working capital needs. Accordingly the profit attributable to members is charged as an expense in the consolidated profit and loss account.

At the year-end, any undrawn allocated profits are included within loans and other debts due to members.

Pensions

The Group operates both a defined benefit and a defined contribution scheme. Assets covering these arrangements are held in an independently administered fund.

The pension costs in the consolidated financial statements are determined in accordance with Financial Reporting Standard 17 'Retirement Benefits' ('FRS 17').

In respect of the defined benefit scheme, formal actuarial valuations are carried out every three years. The last actuarial valuation was carried out as at 30 June 2006. An annual valuation is carried out by the scheme actuary at each year-end for the purposes of FRS 17. The Group's profit and loss account includes any settlement gains or losses, the expected return on scheme assets and the interest cost on scheme liabilities. Actuarial gains and losses are recognised directly in members' interests through the statement of total recognised gains and losses.

Staff pension costs relating to the Group's defined contribution scheme are charged to the profit and loss account as they are incurred.

Members are required to make their own provision for pensions and do so mainly through contributions to personal pension policies and other appropriate investments. Annuities to former partners and employees of the partnership have been provided in full, within 'provisions'.

2 Segmental analysis

Turnover arises entirely within the UK and the destination of turnover was primarily to UK clients.

The analysis below has further segmented Corporate Advisory into Business Restructuring, Corporate Finance and Forensic Services. Comparative information has been restated accordingly.

Turnover is attributable to the following streams of continuing business:

	2007 £m	2006 £m
Business Assurance	97.1	89.3
Business Restructuring	36.2	31.4
Corporate Finance	42.4	35.5
Forensic Services	29.5	24.3
Tax Services	80.6	79.9
Investment Management	21.3	18.4
Turnover	307.1	278.8

An analysis of operating profit and net assets of the Group across the streams is as follows:

	2007 £m	Operating profit 2006 £m	2007 £m	Net assets 2006 £m
Business Assurance	55.4	53.2	27.0	27.5
Business Restructuring	24.4	21.6	18.4	22.9
Corporate Finance	26.5	23.5	16.5	11.9
Forensic Services	18.2	15.9	5.6	8.2
Tax Services	53.7	55.9	20.9	16.0
Investment Management	9.9	7.4	7.1	2.4
Operating profit/Net assets	188.1	177.5	95.5	88.9
Unallocated	(114.4)	(106.2)	(14.1)	(13.0)
Operating profit/Net assets	73.7	71.3	81.4	75.9

Operating profit is reported on a consistent basis which enables effective review of the streams. Unallocated items affecting operating profit represent central costs that cannot be directly attributed to the streams.

Net assets attributable to streams include directly allocable net trade debtors, accrued income and deferred income. All other assets and liabilities cannot be directly attributed to the streams.

Our figures

Notes forming part of the financial statements for the year ended 30 June 2007

3 Employees

	2007 £m Group	2006 £m Group	2007 £m LLP	2006 £m LLP
Staff costs (excluding members) consist of:				
Salaries and benefits	124.8	103.7	107.3	87.1
Social security costs	13.3	11.0	12.3	10.0
Pension costs	4.2	4.4	3.7	4.0
	142.3	119.1	123.3	101.1

The average number of employees (excluding members) was:

	2007 Number Group	2006 Number Group	2007 Number LLP	2006 Number LLP
Business Assurance	1,064	984	1,064	984
Business Restructuring	252	218	252	218
Corporate Finance	235	182	235	182
Forensic Services	191	161	191	161
Tax Services	605	507	605	507
Investment Management	202	190	–	–
Central Support	323	246	323	246
	2,872	2,488	2,670	2,298

4 Operating profit

Operating profit is stated after (crediting)/charging:

	2007 £m	2006 £m
Profit on disposal of fixed assets	–	(0.1)
Profit on disposal of business (note 24)	(1.2)	–
Depreciation of fixed assets	4.7	4.6
Amortisation and impairment of goodwill	1.6	2.0
Operating lease rentals – plant and machinery	1.0	0.5
Operating lease rentals – other	8.4	7.7
Services provided by and fees payable to the Group's auditor:		
Audit of parent company and consolidated accounts	0.1	0.1
Audit of the Group's subsidiaries pursuant to legislation	0.1	0.1
	0.2	0.2

5 Interest

	2007 £m	2006 £m
Payable		
On bank loans and overdrafts	1.1	0.9
On other loans	0.1	–
As finance charges on leased assets	0.1	0.1
Interest cost on pension liabilities	2.6	2.3
	3.9	3.3
Receivable		
On short-term deposits and investments	(0.8)	(0.4)
Expected return on pension assets	(2.7)	(2.3)
	(3.5)	(2.7)
Net interest payable	0.4	0.6

6 Taxation

The financial statements do not incorporate any charge or liability for taxation on the results of the LLP, as the relevant income tax is the responsibility of the individual members. Corporation tax arises in corporate subsidiaries as follows:

	2007 £m	2006 £m
UK corporation tax	–	0.1
Factors affecting the tax charge for the year		
Profit on ordinary activities of corporate subsidiaries before taxation	0.9	0.5
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 30% (2006 – 30%)	0.3	0.1
Effect of minority interests	(0.3)	–
Current tax charge	–	0.1

Our figures

Notes forming part of the financial statements for the year ended 30 June 2007

7 Members' profit shares

	2007 Number	2006 Number
Monthly average number of members	225	215
	2007 £'000	2006 £'000
Average profit for the financial year before members' remuneration and profit shares including total recognised gains and losses in the year per member	342	327

The profit share of the highest paid member was £0.9m (2006 – £0.9m).

8 Profit for the financial year

The LLP has taken advantage of the exemption allowed under Section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The Group result for the year includes the profit of the LLP for the financial year before members' remuneration and profit shares of £72.5m (2006 – £70.7m).

9 Intangible assets

Group	2007 £m
Cost	
At 1 July 2006	14.4
Additions	0.1
Disposals	(0.1)
At 30 June 2007	14.4
Amortisation	
At 1 July 2006	3.2
Charge for the year	1.6
At 30 June 2007	4.8
Net book value	
At 30 June 2007	9.6
At 30 June 2006	11.2

All the intangible assets relate to goodwill.

Goodwill on acquisitions is being amortised over its estimated useful life, which ranges between seven and ten years.

10 Tangible assets

Group	Leasehold improvements £m	Fixtures, fittings and computer equipment £m	Motor vehicles £m	Total £m
Cost				
At 1 July 2006	7.4	12.2	4.7	24.3
Additions	2.3	2.5	1.2	6.0
Disposals	(1.5)	(3.0)	(1.0)	(5.5)
At 30 June 2007	8.2	11.7	4.9	24.8
Depreciation				
At 1 July 2006	3.7	7.1	2.0	12.8
Charge for the year	1.1	2.8	0.8	4.7
Disposals	(1.5)	(3.0)	(0.7)	(5.2)
At 30 June 2007	3.3	6.9	2.1	12.3
Net book value				
At 30 June 2007	4.9	4.8	2.8	12.5
At 30 June 2006	3.7	5.1	2.7	11.5

Included in the total net book value of fixed assets is £2.5m (2006 – £2.4m) in respect of assets held under finance leases. The depreciation charge for the year on such assets was £1.6m (2006 – £1.5m).

Included in the total net book value of fixed assets is £2.5m (2006 – £0.8m) in respect of leasehold improvements and fixtures and fittings relating to the occupation of a new London office which is in the course of development and which has not been depreciated. Depreciation will be charged when the building is ready for use which is anticipated to be early 2008.

LLP	Leasehold improvements £m	Fixtures, fittings and computer equipment £m	Motor vehicles £m	Total £m
Cost				
At 1 July 2006	7.3	11.9	4.7	23.9
Additions	2.3	2.5	1.2	6.0
Disposals	(1.5)	(3.0)	(1.0)	(5.5)
At 30 June 2007	8.1	11.4	4.9	24.4
Depreciation				
At 1 July 2006	3.7	6.9	1.9	12.5
Charge for the year	1.1	2.8	0.8	4.7
Disposals	(1.5)	(3.0)	(0.7)	(5.2)
At 30 June 2007	3.3	6.7	2.0	12.0
Net book value				
At 30 June 2007	4.8	4.7	2.9	12.4
At 30 June 2006	3.6	5.0	2.8	11.4

Included in the total net book value of fixed assets is £2.5m (2006 – £2.4m) in respect of assets held under finance leases. The depreciation charge for the year on such assets was £1.6m (2006 – £1.5m).

Included in the total net book value of fixed assets is £2.5m (2006 – £0.8m) in respect of leasehold improvements and fixtures and fittings relating to the occupation of a new London office which is in the course of development and which has not been depreciated. Depreciation will be charged when the building is occupied which is anticipated to be early 2008.

Our figures

Notes forming part of the financial statements for the year ended 30 June 2007

II Fixed asset investments

Group	Other investments £m	Listed investments £m	Total £m
Cost			
At 1 July 2006 and at 30 June 2007	0.3	0.1	0.4
Provisions			
At 1 July 2006 and at 30 June 2007	–	0.1	0.1
Net book value			
At 30 June 2007	0.3	–	0.3
At 30 June 2006	0.3	–	0.3

At 30 June 2007, the market value of the listed investments held by the Group was £nil (2006 – £nil).

LLP	Group undertakings £m	Listed investments £m	Total £m
Cost			
At 1 July 2006	3.9	0.1	4.0
Additions	4.6	–	4.6
At 30 June 2007	8.5	0.1	8.6
Provisions			
At 1 July 2006 and 30 June 2007	–	(0.1)	(0.1)
Net book value			
At 30 June 2007	8.5	–	8.5
At 30 June 2006	3.9	–	3.9

At 30 June 2007, the market value of the listed investments held by the LLP was £nil (2006 – £nil).

Additions in the year relate to a rights issue in Fitzwilliam Holdings Limited. The rights issue took place on 11 May 2007 to ensure the company met its FSA capital adequacy requirements.

Subsidiary undertakings

The principal undertakings in which the LLP's interest at the year end is 50 per cent or more are as follows:

Subsidiary undertakings	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
SH Insurance Limited	Guernsey	100%	Insurance
BDO Stoy Hayward LLP Limited	England & Wales	100%	Professional services
Fitzwilliam Holdings Limited	England & Wales	95%	Investment management
The principal subsidiary undertaking held by Fitzwilliam Holdings Limited is:			
BDO Stoy Hayward Investment Management Limited	England & Wales	95%	Investment advice

For all undertakings listed above, the country of operation is the same as the country of incorporation or registration.

The Group has an effective 95 per cent shareholding in SPP (General Partner) Limited, a company registered in England and Wales, which acts as the general partner to the SPP Income Fund Limited Partnership, the Fitzwilliam Strategic Property Partnership No.3 Fund Limited Partnership and the SPP Opportunities Fund Limited Partnership, including the Opportunities Residential Fund, which are limited partnerships that hold property investment funds. Due to the severe long-term restrictions that the members consider exist over the general partner's control of the limited partnerships, they have not been consolidated into the Group's financial statements. The Group charged fees to the limited partnerships during the year of £1.9m (2006 – £0.8m) and at the year-end the balance owed to the Group by the limited partnerships was £0.5m (2006 – £0.1m). The aggregated profit before members' remuneration charged as an expense for these limited partnerships in the year to 5 April 2007 is £1.5m (2006 – 0.2m) and the total net assets for these limited partnerships are £13.9m as shown in their most recent audited accounts for the year ended 5 April 2007 (2006 – £8.1m).

The Group has an effective 95 per cent shareholding in Flora Park (General Partner) Limited, a company registered in England & Wales, which acts as the general partner to the Flora Park Investment – a non-regulated investment in a German retail park. The investment has not been consolidated into the Group's financial statements, due to the severe long-term restrictions that the members consider exist over the general partner's control of the investment.

The Group has an effective 95 per cent shareholding in Fitzwilliam Asset Management (Guernsey) Limited, a company registered in Guernsey, which manages a series of hedge funds. Whilst the company holds shares in the funds for legal and management purposes it has no beneficial interest in the funds aside from fees it receives for performance of its duties as a manager. The funds have therefore been included in the Group financial statements at the cost of investment rather than as subsidiaries. The Group charged fees to the funds during the year of £1.6m (2006 – £1.0m) and at the year-end the balance owed to the Group by the funds was £0.5m (2006 – £0.2m).

I2 Debtors

	2007 £m Group	2006 £m Group	2007 £m LLP	2006 £m LLP
Trade debtors	62.0	57.8	59.8	55.8
Amounts owed by Group undertakings	–	–	9.2	11.1
Other debtors	1.4	2.2	1.3	1.8
Prepayments	7.7	4.4	6.3	4.0
Accrued income	41.4	38.4	37.9	36.9
	112.5	102.8	114.5	109.6

All amounts shown under debtors for the Group fall due for payment within one year. For the LLP, all amounts fall due for payment within one year except for an interest free loan of £5.3m due from BDO Stoy Hayward LLP Limited (2006 – £5.7m).

I3 Creditors: amounts falling due within one year

	2007 £m Group	2006 £m Group	2007 £m LLP	2006 £m LLP
Bank loans (note 14)	3.4	3.3	3.4	3.3
Trade creditors	5.2	3.7	5.0	3.7
Taxation and social security	10.6	8.6	10.4	8.4
Obligations under finance leases	1.3	1.4	1.3	1.4
Other creditors	1.2	1.2	0.6	0.5
Accruals and deferred income	17.7	16.4	15.1	13.2
Amounts due to former members and partners	1.4	1.2	1.4	1.2
	40.8	35.8	37.2	31.7

Obligations under finance leases are secured against the assets to which they relate.

Our figures

Notes forming part of the financial statements for the year ended 30 June 2007

14 Creditors: amounts falling due after more than one year

	2007 £m Group	2006 £m Group	2007 £m LLP	2006 £m LLP
Bank loans	6.7	9.9	6.7	9.9
Obligations under finance leases	1.2	0.9	1.2	0.9
Amounts due to former members and partners	0.7	0.8	0.7	0.8
	8.6	11.6	8.6	11.6

The bank loans are unsecured and are generally repayable in quarterly instalments over the next three years at a floating rate of LIBOR plus 0.65 per cent.

Obligations under finance leases are secured against the assets to which they relate and are repayable at fixed interest rates.

The amounts due to former members and partners comprise the amounts repayable in accordance with the members' agreement. The LLP has taken on the obligations to former partners of the partnership to repay amounts due.

Maturity of debt:

	2007 Loans £m	2006 Loans £m	2007 Finance leases £m	2006 Finance leases £m
Group and LLP				
In one year or less, or on demand	3.4	3.3	1.3	1.4
More than one year but less than two years	3.4	3.3	0.9	0.6
More than two years but less than five years	3.3	6.6	0.3	0.3
	6.7	9.9	1.2	0.9

15 Provisions for liabilities

Group	Annuities £m	Professional indemnity £m	Dilapidations £m	Surplus property £m	Total £m
At 1 July 2006	1.2	6.8	1.0	6.5	15.5
Utilised during the year	(0.3)	(0.5)	(0.3)	(1.0)	(2.1)
Charged to the profit and loss account	0.1	1.4	0.4	1.7	3.6
At 30 June 2007	1.0	7.7	1.1	7.2	17.0

LLP	Annuities £m	Professional indemnity £m	Dilapidations £m	Surplus property £m	Total £m
At 1 July 2006	1.2	1.8	1.0	6.5	10.5
Utilised during the year	(0.3)	(0.5)	(0.3)	(1.0)	(2.1)
Charged to the profit and loss account	0.1	0.4	0.4	1.6	2.5
At 30 June 2007	1.0	1.7	1.1	7.1	10.9

Annuities relate to former partners of the former partnership. The majority of the annuities are for a fixed amount over a fixed period of time and therefore no actuarial assumptions are required. The provision is expected to be largely utilised over the next five years.

The Professional indemnity provision relates to the expected cost of defending claims and, where appropriate, the estimated cost of settling claims where such costs are not covered by insurance.

The dilapidations provision relates to the expected cost of reinstating leasehold properties to their original condition and is expected to be utilised over the next ten years.

The surplus property provision relates to rental commitments on surplus properties and is expected to be utilised in the next four years.

Provisions have not been discounted as the effect is not material.

I6 Members' interests

Loans and other debts due to members

Group	2007 £m	2006 £m
Amounts due to members at 1 July	75.9	59.2
Members' remuneration charged as an expense	72.5	70.0
Members' interests after profit for the year	148.4	129.2
Pension scheme net actuarial gain	4.5	0.2
Introduced by members	4.9	1.9
Amounts re-classified as amounts due to former members within creditors	(0.6)	(1.8)
Drawings and distributions	(75.8)	(53.6)
Amounts due to members at 30 June	81.4	75.9

LLP	2007 £m	2006 £m
Amounts due to members at 1 July	75.1	57.7
Members' remuneration charged as an expense	72.5	70.7
Members' interests after profit for the year	147.6	128.4
Pension scheme net actuarial gain	4.5	0.2
Introduced by members	4.9	1.9
Amounts re-classified as amounts due to former members within creditors	(0.6)	(1.8)
Drawings and distributions	(75.8)	(53.6)
Amounts due to members at 30 June	80.6	75.1

The loans and other debts due to members outstanding at the year-end would rank equally with unsecured creditors in the event of a winding up. Loans and other debts due to members are repayable as follows:

	2007 £m Group	2006 £m Group	2007 £m LLP	2006 £m LLP
Within one year	30.6	34.0	30.6	34.0
More than one year	50.8	41.9	50.0	41.1
	81.4	75.9	80.6	75.1

Our figures

Notes forming part of the financial statements for the year ended 30 June 2007

17 Capital commitments

	2007 £m	2006 £m
Group and LLP		
Contracted but not provided for in the financial statements	15.9	2.4

The capital commitments contracted but not provided at 30 June 2007 relate principally to the occupation of a new London office. The anticipated occupation date is early 2008.

18 Commitments under operating leases

The Group had annual commitments under non-cancellable operating leases as set out below:

	2007 Land and buildings £m	2007 Other £m	2006 Land and buildings £m	2006 Other £m
Operating leases which expire:				
Within one year	0.6	0.2	0.4	0.1
Within one to two years	0.5	0.1	0.1	0.2
In two to five years	3.9	0.1	5.3	0.1
Over five years	6.9	–	2.3	–
	11.9	0.4	8.1	0.4

The LLP had annual commitments under non-cancellable operating leases as set out below:

	2007 Land and buildings £m	2007 Other £m	2006 Land and buildings £m	2006 Other £m
Operating leases which expire:				
Within one year	0.5	0.2	0.3	0.1
Within one to two years	0.5	0.1	0.1	0.2
In two to five years	3.9	0.1	5.3	0.1
Over five years	6.9	–	2.3	–
	11.8	0.4	8.0	0.4

19 Related party transactions

The LLP has taken advantage of the exemption allowed by FRS 8 'Related Party Transactions', not to disclose any transactions with other Group entities that are included in these consolidated financial statements. Transactions with the funds which have not been consolidated are detailed in note 11.

20 Reconciliation of operating profit to net cash inflow from operating activities

	2007 £m	2006 £m
Operating profit	73.7	71.3
Amortisation and impairment of goodwill	1.6	2.0
Depreciation	4.7	4.6
Profit on disposal of tangible fixed assets	–	(0.1)
Profit on disposal of business	(1.2)	–
Difference between pension charge and cash contributions	(3.9)	(1.2)
Increase in debtors	(9.7)	(15.6)
Increase in creditors	5.0	6.5
Increase in provisions for liabilities	1.5	4.6
Net cash inflow from operating activities	71.7	72.1

21 Analysis of cash flows

	2007 £m	2006 £m
Return on investments and servicing of finance		
Interest received	0.8	0.5
Interest paid excluding interest paid to members	(1.2)	(1.0)
Interest element of finance lease rental payments	(0.1)	(0.1)
Distributions paid to minorities	(0.3)	–
	(0.8)	(0.6)
Taxation		
Corporation tax paid	–	(0.1)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(4.3)	(7.2)
Proceeds from the sale of tangible fixed assets	0.3	0.6
	(4.0)	(6.6)
Acquisitions and disposals		
Increase in shareholdings in subsidiaries	(0.1)	(0.3)
Cash received from sale of business (note 24)	1.3	–
	1.2	(0.3)
Transactions with members and former members		
Drawings and distributions	(75.8)	(53.6)
Amounts introduced by members	4.9	1.9
Amounts repaid to former members	(0.7)	(0.7)
	(71.6)	(52.4)
Financing		
New loans	0.3	1.9
Loan repayments	(3.4)	(1.7)
Capital element of finance leases repaid	(1.5)	0.1
	(4.6)	0.3

Our figures

Notes forming part of the financial statements for the year ended 30 June 2007

22 Net funds

a) Analysis of changes in net funds

	At beginning of year £m	Cash flow £m	Non-cash changes £m	At end of year £m
Net cash				
Cash at bank and in hand	21.7	(8.1)	–	13.6
Debt				
Loans due within one year	(3.3)	3.2	(3.3)	(3.4)
Loans due after one year	(9.9)	(0.1)	3.3	(6.7)
Finance leases	(2.3)	1.5	(1.7)	(2.5)
Net funds	6.2	(3.5)	(1.7)	1.0

b) Reconciliation of net cash flow to movement in net funds

	2007 £m	2006 £m
(Decrease)/Increase in net cash during the year	(8.1)	12.4
Net cash outflow/(inflow) from debt	4.6	(0.3)
Non-cash changes	(1.7)	–
(Decrease)/Increase in net funds during the year	(5.2)	12.1
Opening net funds/(debt)	6.2	(5.9)
Closing net funds	1.0	6.2

23 Pensions

The Group operates both defined benefit and defined contribution pension arrangements for its present and former staff. All pension arrangements are accounted for as required under FRS 17.

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

The LLP also has obligations to pay pensions and allowances to certain former partners and employees.

Defined contribution arrangement

In the year the Group paid contributions of £4.2m (2006 – £4.4m) to the DC section of the scheme, which is equal to the total pension charge under FRS 17 for this section of the scheme.

There are no outstanding or prepaid contributions to this arrangement as at 30 June 2007 (2006 – £nil).

Funded defined benefit arrangement

The DB section of the Scheme was closed to both new members and future accrual on 30 November 1994 and members in pensionable service were given the option to leave their benefits as a deferred pension (based on final pensionable earnings as at November 1994) or receive an opening balance within the new DC section.

The Scheme was merged with the Moores Rowland Pension Scheme with effect from 30 November 2000. The Moores Rowland scheme was a defined benefit scheme that had been closed to new members and future accrual from 1 May 1995.

The assets and liabilities of the DB section of the Scheme have been valued for FRS 17 purposes by a qualified actuary, John Broome Saunders, who is an employee of BDO Stoy Hayward Investment Management Limited, a subsidiary of the LLP. During the year, further information has been obtained regarding pension liabilities that have been fully insured by the purchase of annuity policies. These have now been included within assets and liabilities with comparative information restated accordingly. The inclusion of these assets and liabilities has had no impact on the profit or net assets of the Group.

During the year, the Group paid contributions to the DB section of £1.4m (2006 – £1.1m). It has been agreed with the Trustees that the Group will continue contributing at this rate at least until the completion of the next formal valuation of the Scheme, due as at 30 June 2009.

The amounts quoted in these financial statements are based on a full valuation of the scheme as at 30 June 2007, undertaken for FRS 17 purposes.

23 Pensions (continued)

The key actuarial assumptions at 30 June are:

	2007	2006	2005
Discount rate	5.7% pa	5.3% pa	5.0% pa
Rate of inflation	3.3% pa	3.0% pa	2.7% pa
Increases in pensionable salaries	n/a	n/a	n/a

The fair values of the assets in the DB section at 30 June are:

	2007 £m	2006 £m	2005 £m
Equities	24.1	23.4	19.5
Bonds	5.9	6.1	5.9
Annuities	9.0	9.3	8.7
Other assets	5.3	2.2	1.4
Total	44.3	41.0	35.5

The assumed long-term rates of return of these assets at 30 June are:

	2007	2006	2005
Equities	7.5% pa	7.5% pa	7.5% pa
Bonds	5.7% pa	5.3% pa	5.0% pa
Annuities	5.7% pa	5.3% pa	5.0% pa
Other assets	5.0% pa	5.0% pa	5.0% pa

The funding position of the DB section at 30 June is as follows:

	2007 £m	2006 £m	2005 £m
Assets	44.3	41.0	35.5
Liabilities	(44.3)	(49.5)	(45.3)
Net pension liability	–	(8.5)	(9.8)

The assets and liabilities disclosed above include £9.0m (2006 – £9.3m, 2005 – £8.7m) relating to pension liabilities fully insured by annuity policies where the value of the asset exactly matches that of the liability.

An analysis of the movement in the net pension liability is set out below:

	2007 £m	2006 £m
Net pension liability at beginning of year	(8.5)	(9.8)
Movement in the year		
contributions	1.4	1.1
settlement	2.5	–
other finance costs	0.1	–
actuarial gain	4.5	0.2
Net pension liability at end of year	–	(8.5)

Our figures

Notes forming part of the financial statements for the year ended 30 June 2007

23 Pensions (continued)

The following amounts have been included within the profit and loss account:

	2007 £m	2006 £m
Settlement gain credited to operating profit	2.5	–
Expected return on scheme assets	2.7	2.3
Interest cost on scheme liabilities	(2.6)	(2.3)
Net other finance costs	0.1	–

The following amounts have been charged to the statement of total recognised gains and losses '(STRGL)':

	2007 £m	2006 £m
actual return less expected return on scheme assets	1.5	2.9
experience gains/(losses) arising on scheme liabilities	0.5	(0.5)
changes in assumptions underlying the present value of scheme liabilities	2.5	(2.2)
Net gain recognised in STRGL	4.5	0.2

The history of experience gains and losses is as follows:

	2007	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets					
£m	1.5	2.9	1.9	1.5	(2.3)
as a percentage of scheme assets	3%	7%	5%	7%	(11%)
Experience gains/(losses) on scheme liabilities					
£m	0.5	(0.5)	–	0.3	–
as a percentage of scheme liabilities	1%	(1%)	0%	1%	0%
Total amount recognised in STRGL					
£m	4.5	0.2	(2.0)	3.7	(4.8)
as a percentage of scheme liabilities	10%	0%	(4%)	12%	(14%)

24 Acquisitions and disposals

Acquisition of Bristol, Manchester and Southampton offices of Numerica PLC

On 31 May 2005, the Group acquired the trade and net assets of three offices which were previously part of Numerica PLC. The maximum consideration of £12.2m includes a deferred element relating to potential claims of £0.4m. At the date of signing these financial statements, there has been no change in the amount of potential claims.

Disposal of Payroll Processing Business

During the year, the Group sold its payroll processing business for a cash consideration of £1.3m and recognised a profit of £1.2m (including £0.1m of goodwill written off on disposal).

25 Events after the balance sheet date

On 12 October 2007, the Group acquired the tax business of Chiltern plc, the UK's largest independent tax advisory firm. The business has over 70 tax professionals and generates revenues in the region of £18m per annum.

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