

Baker Tilly UK Audit LLP

REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2010

Registered Number: OC325350

Baker Tilly UK Audit LLP

DESIGNATED MEMBERS AND AUDITORS

DESIGNATED MEMBERS

J C Bleach
J E Bugden
N J Tristem
J M W Hudson

REGISTERED NUMBER

OC325350 (England and Wales)

REGISTERED OFFICE

2 Bloomsbury Street
London
WC1B 3ST

AUDITOR

Kingston Smith LLP
141 Wardour Street
London
W1F 0UT

Baker Tilly UK Audit LLP

MEMBERS' REPORT

The Management Board presents its report and the audited financial statements of Baker Tilly UK Audit LLP for the year ended 31 March 2010.

MANAGEMENT BOARD

The members of the Management Board who held office during the year were:

N J Tristem
J M W Hudson

On 2 June 2010 J C Bleach was appointed to the Management Board.

PRINCIPAL ACTIVITIES

The principal activity of Baker Tilly UK Audit LLP is the provision of audit assurance services.

REVIEW OF THE BUSINESS

A summary of the results for the year and the financial position are set out in the financial statements on pages 6 to 12.

The Management Board is pleased to report improved results for the year in what was, and remains, a challenging and highly competitive environment for audit and assurance services. Action was taken early last year to ensure that our costs remained in line with our underlying revenues. This has been successfully achieved without compromising audit quality which remains at the core of our operations.

Our web-based auditing system is now fully embedded and is delivering the anticipated efficiencies whilst ensuring that the compliance requirements, which are a necessary component of audit quality, are met. Full details of our audit quality systems and processes can be reviewed, via the Baker Tilly website, in our Transparency Report.

The outlook for the future remains challenging given uncertainties in both the wider economy and in the realm of regulatory compliance.

KEY PERFORMANCE INDICATORS

The key performance indicators, from a financial perspective, are gross profit and cash generated. From an audit quality perspective, the relevant KPI's are more wide ranging and include the number of offices requiring QAD follow-up visits and the number of partners, if any, requiring mentoring as a result of QAD and National Technical findings. In addition, the findings from our external regulators are closely reviewed by the Management Board and action taken where necessary.

TRANSACTIONS WITH MEMBERS

The members' agreement prescribes that the majority of members of the LLP shall be Audit Qualified Individuals as defined in Chapter 4 of the Audit Regulations and Guidance issued by the three Institutes of Chartered Accountants.

The Management Board determines the profit share to be allocated to the individual members. Any resultant surplus is allocated to Baker Tilly UK Group LLP, the corporate member.

The policy for members' drawings is the payment of a monthly amount on account of each member's profit share. These monthly drawings are determined by the Management Board, taking into account the need to retain sufficient funds to settle members' income tax liabilities and to finance the working capital and other needs of the business.

Baker Tilly UK Audit LLP

MEMBERS' REPORT

TRANSACTIONS WITH MEMBERS (continued)

Individual members do not contribute any capital to the business.

Capital requirements are determined from time to time by the Management Board having regard to the short, medium and long term needs of the business and are met by Baker Tilly UK Group LLP.

DESIGNATED MEMBERS

The following designated members have held office during the year:

J E Bugden
N J Tristem
J M W Hudson

On 2 June 2010 J C Bleach was appointed a designated member.

The development and implementation of policies, strategy, direction and management is the responsibility of the Management Board.

AUDITOR

The Auditor, Kingston Smith LLP, Chartered Accountants, has indicated its willingness to continue in office.

By order of the board

N J Tristem
Designated Member

9 August 2010

Baker Tilly UK Audit LLP

MEMBERS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Limited Liability Partnership law requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law, as applicable to Limited Liability Partnerships, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss for that period.

In preparing those financial statements, the members are required to:

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent;
- c) State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the accounts: and
- d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Limited Liability Partnership and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 as applicable to Limited Liability Partnerships. The members are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the firm's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These responsibilities are exercised by the designated members on behalf of the members.

Baker Tilly UK Audit LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKER TILLY UK AUDIT LLP

We have audited the financial statements of Baker Tilly UK Audit LLP for the year ended 31 March 2010 which comprise the Profit and Loss account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). Our audit work has been undertaken so that we might state to the Limited Liability Partnership's members those matters which 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 any party other than the Limited Liability Partnership and the Limited Liability Partnership's members as a body, for our work, for this report, or for the opinions we have formed.

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) and for being satisfied that the financial statements give a true and fair view 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).

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), and give a true and fair view.

In addition we report to you if, in our opinion, the Limited Liability Partnership has not kept adequate accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Members' Report. 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 Limited Liability Partnership'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.

Baker Tilly UK Audit LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKER TILLY UK
AUDIT LLP

Opinion

In our opinion:

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006, as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008); and
- the financial statements give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 March 2010 and of its profit for the year then ended.

Cliff Ireton (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor
141 Wardour Street
London
W1F 0UT

11 August 2010

Baker Tilly UK Audit LLP

PROFIT & LOSS ACCOUNT

for the year ended 31 March 2010

	<i>Notes</i>	2010 £'000	2009 £'000
TURNOVER	1	69,917	73,433
Cost of sales		(35,173)	(38,348)
Gross profit		<u>34,744</u>	<u>35,085</u>
Other operating expenses		(20,363)	(22,289)
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES	2	<u>14,381</u>	<u>12,796</u>
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		14,381	12,796
Members' remuneration charged as an expense:			
Individual members	3	6,829	8,299
Corporate member		7,552	4,497
		<u>(14,381)</u>	<u>(12,796)</u>
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONGST MEMBERS	10	<u>-</u>	<u>-</u>

The result for the year arises from the LLP's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Baker Tilly UK Audit LLP

(Registration number: OC325350)

BALANCE SHEET

as at 31 March 2010

	<i>Notes</i>	2010 £'000	2009 £'000
FIXED ASSETS			
Tangible assets	6	218	358
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	7	16,911	16,511
CREDITORS: Amounts falling due within one year	8	(9,577)	(12,364)
		<hr/>	<hr/>
NET CURRENT ASSETS		7,334	4,147
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,552	4,505
CREDITORS: Amounts falling due after more than one year	9	-	(8)
		<hr/>	<hr/>
NET ASSETS ATTRIBUTABLE TO MEMBERS		7,552	4,497
		<hr/> <hr/>	<hr/> <hr/>
REPRESENTED BY:			
LOANS AND OTHER DEBTS DUE TO EQUITY MEMBER WITHIN ONE YEAR			
Other amounts	10	7,552	4,497
		<hr/>	<hr/>
TOTAL MEMBERS' INTERESTS			
Loans and other debts due to members	10	9,358	6,174
Amounts due from members	10	(1)	(19)
		<hr/>	<hr/>
	10	9,357	6,155
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the members and authorised for issue on 9 August 2010 and are signed on their behalf by:

N J Tristem
Designated member

Baker Tilly UK Audit LLP

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

CASH FLOW STATEMENT

The LLP has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the ultimate controlling undertaking publishes a consolidated cash flow statement.

TANGIBLE FIXED ASSETS

Depreciation is provided in all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Motor vehicles	-	25% per annum on original cost
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TURNOVER AND REVENUE RECOGNITION

Turnover represents amounts chargeable for professional services provided during the period, inclusive of direct expenses incurred on client assignments but excluding value added tax. Turnover is recognised when a right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of the work performed.

Turnover is not recognised where the right to receive payment is contingent on events outside the control of the LLP.

Unbilled revenue is included in debtors as 'Amounts recoverable on services'. Amounts billed on account in excess of the amounts recognised as revenue are included in creditors as 'Payments received on account'.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

MEMBERS' REMUNERATION

Individual members

Members' share of profits and interest earned on members' balances are automatically allocated and, together with members' benefits, such as motor expenses, are treated as members' remuneration charged as an expense to the profit and loss account.

Corporate member

Profit remaining after sums allocated to individual members is available to the corporate member, Baker Tilly UK Group LLP. It is treated as so allocated and reported as Loans and other debts due to Equity Member falling due within one year.

Members' monthly drawings are set by the Management Board, after considering the working capital needs of the business. To the extent the profit allocations exceed drawings, the excess profit is included in the balance sheet under creditors. Where drawings exceed the allocated profits the excess is included in debtors. The same treatment is used in respect of members who retire during the period.

TAXATION

Taxation on LLP profits is the personal liability of the members. Consequently neither taxation nor non related deferred taxation are accounted for in these financial statements.

Baker Tilly UK Audit LLP

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

1 TURNOVER

The LLP's turnover is derived from its principal activity. Turnover principally arises in the United Kingdom.

2 PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES

Auditor's remuneration is charged to and paid by the ultimate controlling undertaking, Baker Tilly UK Holdings Limited.

3 INDIVIDUAL MEMBERS

	2010 £'000	2009 £'000
The individual members' remuneration includes:		
Depreciation on tangible fixed assets		
Charge for the period:		
Owned assets	169	215
Assets held under hire purchase contracts	-	10
Profit on disposal of tangible fixed assets	(24)	(4)
	<u> </u>	<u> </u>

4 MEMBERS' PROFIT SHARE

	2010 Number	2009 Number
Average number of members	119	128
	<u> </u>	<u> </u>
	2010 £'000	2009 £'000
Profit attributable to the highest paid member	7,552	4,497
	<u> </u>	<u> </u>

5 EMPLOYEE REMUNERATION

No employee costs are included in these accounts.

A management charge has been made by Baker Tilly Management Limited and Baker Tilly Tax and Accounting Limited, both related businesses, for the provision of staff services, including any salaried partners (who are not members) remunerated under employment contracts, to the LLP.

Baker Tilly UK Audit LLP
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

6	TANGIBLE FIXED ASSETS	Motor vehicles £'000
	Cost	
	At 1 April 2009	779
	Additions	117
	Transfers between group LLPs	(74)
	Disposals	(125)
	At 31 March 2010	697
	Depreciation	
	At 1 April 2009	421
	Depreciation charge for the year	169
	Transfers between group LLPs	(36)
	Disposals	(75)
	At 31 March 2010	479
	Net book value	
	At 31 March 2010	218
	At 31 March 2009	358

The net book value above includes £Nil (2009: £20,900) in respect of motor vehicles held under hire purchase contracts. The depreciation charge was £Nil (2009: £10,450).

7	DEBTORS	2010 £'000	2009 £'000
	Trade debtors	13,763	14,565
	Amounts recoverable on services	3,147	1,927
	Amounts due from members (refer to note 10)	1	19
		16,911	16,511
		16,911	16,511
8	CREDITORS: Amounts falling due within one year	2010 £'000	2009 £'000
	Obligations under hire purchase contracts (secured)	-	10
	Payments received on account	2,783	2,467
	Amounts owed to group undertakings	2,968	5,187
	Taxes and social security costs	1,916	1,824
	Accruals and deferred income	-	54
	Amounts due to former members	104	1,145
	Loans and other debts due to members (refer to note 10)	1,806	1,677
		9,577	12,364
		9,577	12,364

Baker Tilly UK Audit LLP
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

9	CREDITORS: Amounts falling due after more than one year	2010 £'000	2009 £'000
	Obligations under hire purchase contracts (secured)	-	8
	Amounts payable:		
	Within two to five years	-	8

Obligations under hire purchase contracts are secured on the related assets.

10 MEMBERS' INTERESTS

	Total £'000
Members' interests at 1 April 2009	6,155
Members' remuneration charged as an expense:	
Individual members	6,829
Corporate member	7,552
Profit for the financial year available for discretionary division amongst members	-
Members' interests after profit for the year	20,536
Amounts introduced by members	517
Drawings and distributions	(11,592)
Transfer of other amounts due from former members	(104)
Members' interests at 31 March 2010	9,357

The amounts due to/(from) members all fall due within one year can be analysed as follows:

	2010 £'000	2009 £'000
Corporate member:		
Other loans and debts due to Equity Member	7,552	4,497
Individual members:		
Other loans and debts due to members included in creditors	1,806	1,677
Amounts due from members included in debtors	(1)	(19)
	9,357	6,155

The basis of profit allocation is described in the Accounting Policies.

Loans and other debts due to members represent allocated profits not yet paid to members and are due within one year. In the event of a winding up, loans and other debts due to members rank after unsecured creditors.

Baker Tilly UK Audit LLP

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

11 RELATED PARTY TRANSACTIONS

The LLP has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose any other transactions between itself and related businesses.

12 CONTROL

Baker Tilly UK Holdings Limited, registered in England and Wales, is the ultimate controlling party of Baker Tilly UK Audit LLP. The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Baker Tilly UK Holdings Limited and copies are available from 2 Bloomsbury Street, London WC1B 3ST.