

**BDO Employment Services Limited  
(Formerly PKF Employment Services  
Limited)**

**Directors' Report and Financial Statements**

**For the year ended 31 March 2013**

**Registered number: 02928250**

MONDAY



A03      \*A2OCHOK9\*      #92  
30/12/2013  
COMPANIES HOUSE

---

**BDO Employment Services Limited (Formally PKF Employment Services Limited)**

**Directors' report and financial statements for the year ended 31 March 2013**

---

**Contents**

**Page:**

1 - 2	Directors' report
3	Directors' responsibilities statement
4 - 5	Independent auditors' report
6	Profit and loss account
7	Balance sheet
8 - 14	Notes to the financial statements

---

**Directors**

R S Bint  
M R Goodchild  
C Hardaker (resigned 28 March 2013)  
R F McNaughton  
C W Stewart  
N M Whitaker  
R D Wilson

**Company Secretary**

G L Betts

**Registered office**

55 Baker Street, London, W1U 7EU.

**Registered number**

02928250

**Independent Auditors**

Kingston Smith LLP, Devonshire House, 60 Goswell Road, London, EC1M 7AD

## **BDO Employment Services Limited (Formally PKF Employment Services Limited)**

### **Directors' report for the year ended 31 March 2013**

---

The directors present their report and the financial statements for the year ended 31 March 2013

#### **Principal activities and business review**

The company's principal activity is the supply of personnel and associated services. On 28 March 2013, as part of an agreement between Pannells LLP (formerly PKF (UK) LLP) and BDO LLP the company was sold to BDO LLP and all of the current employees transferred to BDO Services Limited. The company also has obligations to former employees in respect of contributions, due in accordance with actuarial advice, to two defined benefit schemes for which it will continue to be reimbursed by the parent undertaking.

On 20 June 2013 the company changed its name to BDO Employment Services Limited.

#### **Business review**

The UK corporation tax charge includes an amount resulting from UK transfer pricing legislation. This extra cost of offset by a payment from Pannells LLP, which is dealt with through reserves.

#### **Results**

The loss for the year, after taxation amounted to £533,176 (2012 - loss £586,531).

#### **Directors**

The directors who served during the year were:

R S Bint  
R F McNaughton  
M R Goodchild  
N M Whitaker  
R D Wilson  
C Hardaker (resigned 28 March 2013)  
C W Stewart

#### **Employee involvement**

During the financial year the company has taken action to maintain and develop arrangements aimed at:

- Systemic provision of employee information;
- Regular consultations so that employees' views can be taken into account;
- Encouraging employees involvement in the company's performance. A number of locations have achieved recognition under the Investors in People scheme or are working towards the standard; and
- Achieving a common awareness of the financial and economic factors affecting the company's performance.

#### **Disabled employees**

The company's policy is to give

- Full and fair consideration of applications;
- Continuing employment, training, career development and promotion while employed.

**BDO Employment Services Limited (Formally PKF Employment Services Limited)**

**Directors' report for the year ended 31 March 2013**

---

**Provision of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- So far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- That director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

**Auditor**

In accordance with the company's articles, a resolution proposing the auditors of the company will be put at General Meeting.

This report was approved by the board on 20 December 2013 and signed on its behalf.



.....  
**G L Betts**  
Secretary

## **BDO Employment Services Limited (Formally PKF Employment Services Limited)**

### **Directors' Responsibilities Statement**

---

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors 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 the directors 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 company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **BDO Employment Services Limited (Formally PKF Employment Services Limited)**

### **Independent Auditors' report to the members of BDO Employment Services Limited**

---

We have audited the financial statements of BDO Employment Services Limited for the year ended 31 March 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with the applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Directors Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006

#### **Opinion on other matter prescribed by the companies act**

In our opinion them the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**BDO Employment Services Limited (Formally PKF Employment Services Limited)**

**Independent Auditors' report to the members of BDO Employment Services Limited**

---

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us ; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.



Mark Twum-Ampofo (Senior statutory auditor)  
For and on behalf of Kingston Smith LLP

Chartered Accountants  
Statutory auditor

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

30 December 2013

**BDO Employment Services Limited (Formally PKF Employment Services Limited)**

**Profit and Loss Account for the year ended 31 March 2013**

	Note	2013 £	2012 £
<b>Turnover</b>			
Cost of sales	1,2	<b>47,293,252</b> <b>(47,248,252)</b>	47,736,448 (47,691,448)
<b>Gross Profit</b>		<b>45,000</b>	45,000
Administrative expenses		(41)	(28)
<b>Operating Profit</b>	3	<b>44,959</b>	44,972
Interest receivable and similar income	5	51	241
Interest payable and similar charges	6	(532)	-
<b>Profit on Ordinary Activities before Taxation</b>		<b>44,478</b>	45,213
Tax on profit on ordinary activities	7	(577,654)	(631,744)
<b>Loss for the Financial Year</b>	11	<b>(533,176)</b>	(586,531)

On 28 March 2013 the company was acquired by BDO LLP and all the employees were transferred to BDO Services Limited.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

The notes on pages 8 to 14 form part of these financial statements.

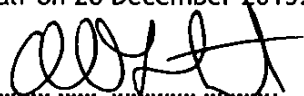


**BDO Employment Services Limited (Formally PKF Employment Services Limited)**

**Balance Sheet as at 31 March 2013**

	Note	2013 £	2013 £	2012 £	2012 £
<b>Current assets</b>					
Debtors	8	1,405,597		1,575,404	
Cash at bank		1,924		75,844	
		<u>1,407,521</u>		<u>1,651,248</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(1,399,409)</u>		<u>(1,615,939)</u>	
<b>Net current assets</b>			<b>8,112</b>		<b>35,309</b>
<b>Net assets</b>			<u><b>8,112</b></u>		<u><b>35,309</b></u>
<b>Capital and Reserves</b>					
Called up share capital	10		<b>2</b>		<b>2</b>
Profit and loss account	11		<b>8,110</b>		<b>35,307</b>
<b>Shareholders' Funds</b>	12		<u><b>8,112</b></u>		<u><b>35,309</b></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2013.



C W Stewart  
Director

The notes on pages 8 to 14 form part of these financial statements.

## 1. Accounting policies

### 1.1 *Basis of preparation of financial statements*

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

### 1.2 *Basis of consolidation*

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is included in the consolidated results of its immediate and ultimate parent undertaking.

### 1.3 *Turnover*

Turnover represents sales of basic and supplemental employment costs and amounts recharged to the parent undertaking in respect of pension contributions.

### 1.4 *Pensions*

The company contributes to two defined benefit schemes. The assets of each scheme are held separately from those of the company, in independently administered funds.

Contributions to the two schemes are charged to profit and loss as they fall due for payment. Under the terms of the services agreement between the company and its parent undertaking, all contributions are recharged to the parent undertaking.

No provision has been made in these financial statements for the net pension liability as, under the terms of the service agreement, the liability is borne by the parent undertaking and is dealt with in the financial statements of that entity.

## 2. Turnover

Turnover arose wholly in the United Kingdom from the principal activity.

## 3. Operating Profit

During the year, no director received any emoluments (2012 - £NIL).

The audit cost was borne by the company's previous parent undertaking Pannells LLP.

**BDO Employment Services Limited (Formally PKF Employment Services Limited)**

**Notes to the Financial Statements for the year ended 31 March 2013**

**4. Staff Costs**

Staff costs were as follows:

	2013 £	2012 £
Wages and Salaries	38,264,351	40,057,976
Social security costs	4,134,047	4,326,052
Other pension	3,250,546	3,206,554
	<u>45,648,944</u>	<u>47,590,582</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2013 No.	2012 No.
Seconded staff	1,104	1,148
Administration	7	7
	<u>1,111</u>	<u>1,155</u>

**5. Interest Receivable**

	2013 £	2012 £
Other interest receivable	51	241
	<u>51</u>	<u>241</u>

**6. Interest Payable**

	2013 £	2012 £
On bank loans and overdrafts	532	-
	<u>532</u>	<u>-</u>

**7. Taxation**

	2013 £	2012 £
UK corporation tax charge on profit for the year	577,654	631,744
	<u>577,654</u>	<u>631,744</u>

# **BDO Employment Services Limited (Formally PKF Employment Services Limited)**

## **Notes to the Financial Statements for the year ended 31 March 2013**

### **7. Taxation (continued)**

#### **Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 24% (2012 - 26%). The differences are explained below.

	2013 £	2012 £
Profit on ordinary activities before tax	44,478	45,213
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 24% (2012 - 26%)	10,675	11,755
Effects of: Transfer pricing adjustment	566,979	619,989
	<u>577,654</u>	<u>631,744</u>

The UK corporation tax charge includes an amount resulting from UK transfer pricing legislation. This extra cost is offset by a payment from the members of Pannells LLP, which is dealt with through reserves.

### **8. Debtors**

	2013 £	2012 £
Amounts owed by group undertakings	-	1,240,659
Other debtors	1,245,754	154
Amounts due from the members of Pannells LLP	159,843	334,500
Prepayments and accrued income	-	91
	<u>1,405,597</u>	<u>1,575,404</u>

### **9. Creditors:**

#### **Amount falling due within one year**

	2013 £	2012 £
Corporation tax	153,222	325,255
Social security and other taxes	1,245,620	1,290,659
Other creditors	567	25
	<u>1,399,409</u>	<u>1,615,939</u>

**BDO Employment Services Limited (Formally PKF Employment Services Limited)**

**Notes to the Financial Statements for the year ended 31 March 2013**

**10. Share Capital**

	2013 £	2012 £
Allotted, called up and fully paid		
2 Ordinary shared of £1 each	2	2

**11. Reserves**

	Profit and Loss account £
At 1 April 2012	35,307
Loss for the year	(533,176)
Dividends: Equity capital (Note 13)	(61,000)
Payment from the members of Pannells LLP	566,979
At 31 March 2013	8,110

**12. Reconciliation of movement in shareholders' funds**

	2013 £	2012 £
Opening of shareholders' funds	35,309	43,851
Loss for the year	(533,176)	(586,531)
Dividends (Note 13)	(61,000)	(42,000)
Payment from the members of Pannells LLP	566,979	619,989
Closing shareholders' funds	8,112	35,309

**13. Dividends**

	2013 £	2012 £
Dividends paid on equity capital	61,000	42,000

**14. Pension Commitments**

The company operates two defined benefit schemes and makes contributions to several individual and group pension plan schemes for its employees. The defined benefit schemes are closed. Contributions in the year of £3,250,000 (2012: 3,206,000) were made to the personal pension plans.

In accordance with actuarial advice, contributions to the defined benefit schemes amounting to £1,599,000 were paid in the year ended March 2013 (2012: £89,160). The actuary has advised that at least £93,000 should be paid in each of the next five years. These amounts will be subject to review at future actuarial valuations.

The most recent actuarial assessments of the two defined benefit schemes were carried out on 1 May 2010 and 1 April 2011.

**BDO Employment Services Limited (Formally PKF Employment Services Limited)**

**Notes to the Financial Statements for the year ended 31 March 2013**

**14. Pension Commitments (continued)**

The schemes were valued using the discontinuance funding valuation method.

The total market value of the assets at the valuation dates amounted to £30,275,000. The actuarial value of the assets was 98.5% of the value of the accrued benefits after allowing for benefit improvements. The next actuarial valuations of the schemes will be carried out as at 1 May 2013 and as at 1 April 2014 respectively.

The actuary has updated the valuations above to provide an estimate of the total deficits of the defined benefit schemes as at 31 March 2013 calculated on the basis required by FRS17. The standard requires the assets to be measured at their market value at that date and the liabilities to be discounted at the rate of return available at the balance sheet date in high quality corporate bonds.

During the year the market value of the assets has increased and the changes in the assumptions underlying the pension liabilities have also led to an increase in liabilities, overall, there has been an reduction in the deficits. The measurement bases required by FRS17 are likely to give rise to significant fluctuations in the reported amounts of the defined benefits schemes' assets and liabilities from year to year, and do not necessarily give rise to the need for changes in the required contribution rate, which is recommended by the independent actuary based on the expected long term rate of return on the schemes' assets.

The amounts recognised in the balance sheet are as follows:

	2013 £000	2012 £000
Present value of pension liabilities	(32,991)	(30,301)
Total fair value of plan assets	30,275	26,958
Closing defined benefit obligations	<u>(2,716)</u>	<u>(3,343)</u>

The present value of scheme liabilities all relate to wholly funded obligations.

Movements in the present value of the defined benefit obligation were as follows:

	2013 £000	2012 £000
Opening defined benefit obligation	30,301	28,144
Past service costs	2,616	1,684
Interest cost	1,451	1,610
Benefits paid	1,377	(1,137)
Net pension liability	<u>32,991</u>	<u>30,301</u>

**BDO Employment Services Limited (Formally PKF Employment Services Limited)**

**Notes to the Financial Statements for the year ended 31 March 2013**

**14. Pension Commitments (continued)**

Changes in the fair value of scheme assets were as follows:

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of scheme assets	<b>26,958</b>	<b>28,127</b>
Expected return	<b>1,454</b>	<b>1,748</b>
Actuarial gains/(losses)	<b>1,641</b>	<b>(1,892)</b>
Contribution paid	<b>1,599</b>	<b>112</b>
Benefits paid	<b>(1,377)</b>	<b>(1,137)</b>
Closing fair value of scheme assets	<b>30,275</b>	<b>26,958</b>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	<b>2013</b>	<b>2012</b>
Equities	<b>71.00%</b>	<b>70.00%</b>
Bonds	<b>16.00%</b>	<b>19.00%</b>
Cash	<b>13.00%</b>	<b>11.00%</b>

The expected long term rate of return on the schemes' assets has been calculated based upon the major asset categories shown above and an expected rate of return on equities and properties of 5.9% (2012: 5.2%), an expected rate of return on bonds of 3.3% (2012: 3.7%) and an expected rate of return on cash of 3.6% (2012: 3.0%).

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	<b>2013</b>	<b>2012</b>
Discount rate	<b>4.20%</b>	<b>4.90%</b>
Expected return on plan assets	<b>5.30%</b>	<b>5.50%</b>
Inflation assumption - RPI	<b>3.60%</b>	<b>3.00%</b>
Inflation assumption - CPI	<b>2.60%</b>	<b>2.00%</b>

The underlying mortality assumption is based upon the standard table known as PCA00, using the CMI 2009 mortality projection based on year of birth and long term improvement of 1% per annum.

**BDO Employment Services Limited (Formally PKF Employment Services Limited)**

**Notes to the Financial Statements for the year ended 31 March 2013**

---

**14. Pension Commitments (continued)**

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Present value of pension liabilities	<b>(32,991)</b>	<b>(30,301)</b>	<b>(28,144)</b>	<b>(27,798)</b>	<b>(23,877)</b>
Total fair value of plan assets	<b>30,275</b>	<b>26,958</b>	<b>28,127</b>	<b>25,945</b>	<b>18,090</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net pension liability	<b>(2,716)</b>	<b>(3,343)</b>	<b>(17)</b>	<b>(1,853)</b>	<b>(5,787)</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Experience adjustments on pension liabilities	<b>1,528</b>	<b>729</b>	<b>299</b>	<b>432</b>	<b>130</b>
Change in assumptions underlying Present value of liabilities	<b>(4,144)</b>	<b>(2,413)</b>	<b>13</b>	<b>(3,944)</b>	<b>1,918</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**15. Related Party Transactions**

The company has taken advantage of the exemptions in FRS 8 'Related Party Disclosures' not to disclose transactions or balances with other wholly owned group undertakings.

**16. Ultimate Parent Undertaking and Controlling Party**

Consolidated financial statements are prepared by BDO LLP, the company's ultimate parent undertaking and controlling party, as the parent undertaking of the largest group for which financial statements are prepared. Copies of the financial statements are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.