

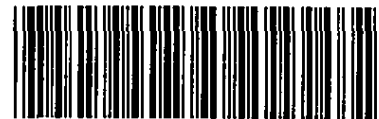
# Baker Tilly Tax and Accounting Limited

## REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2012

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COMPANIES HOUSE

Company Registration No 06677561

# Baker Tilly Tax and Accounting Limited

## COMPANY INFORMATION

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### DIRECTORS

J C Bleach  
D Gwilliam  
E W Jarvis  
K P O'Connor  
J A Randall  
N J Tristem

### SECRETARY

A Duley

### COMPANY NUMBER

06677561 (England)

### REGISTERED OFFICE

6<sup>th</sup> Floor  
25 Farringdon Street  
London  
EC4A 4AB

### AUDITOR

Kingston Smith LLP  
141 Wardour Street  
London  
W1F 0UT

# Baker Tilly Tax and Accounting Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Baker Tilly Tax and Accounting Limited for the year ended 31 March 2012

### PRINCIPAL ACTIVITIES

The principal activities of the company are the provision of tax, accounting and advisory services and also the provision of staff to Baker Tilly UK Group LLP and its related businesses (the "Baker Tilly Group")

### REVIEW OF THE BUSINESS

The results for the company show a profit after taxation of £1.8 million (2011: £2.8 million) for the year and turnover of £102.0 million (2011: £105.4 million). No interim dividend was paid during the year (2011: £4.975 million). The directors are not currently recommending any final dividend in respect of the year.

The directors are satisfied with the results for the year and the financial position at the year end. They expect the company to continue operating profitably in the future.

The company uses Key Performance Indicators such as clients secured, margin performance and overheads to monitor the performance of the business.

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks to the business arise mainly from the failure to retain clients and win new work. The company manages this risk by providing a value added, client focused service and maintaining strong relationships with its clients.

### ENVIRONMENT

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment and implements policies to reduce any damage that might be caused by the company's activities.

### DIRECTORS

The directors during the period were

J C Bleach  
D Gwilliam  
E W Jarvis  
K P O'Connor  
J A Randall  
N J Tristem

### EMPLOYEES

Baker Tilly is committed to creating a culture in which diversity and equality of opportunity are actively promoted and in which unlawful discrimination is not tolerated. The company recognises that equality and diversity are essential factors that contribute to the strength of the business and to this end, works continuously towards building and maintaining an inclusive environment irrespective of race, sex, age, disability, religion or beliefs, marital/civil partnership status, sexual orientation or gender reassignment. The company is committed to assisting and encouraging employees to achieve their full potential and, by training line managers in diversity issues, carrying out regular reviews of relevant policies and practices and the monitoring of specific employee data regularly, seek to ensure that appropriate action is taken to promote and maintain a diverse workforce.

The company places emphasis on open and effective two-way communications with its employees, operating mainly through regular meetings, conferences, appraisals, a comprehensive intranet and e-mail bulletins. Core benefits are provided, which all employees receive, such as company income protection and life assurance, as well as a range of voluntary benefits which employees can select from such as childcare vouchers, dental cover and buying and selling of holiday.

# Baker Tilly Tax and Accounting Limited

## DIRECTORS' REPORT

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### EMPLOYEES (continued)

A group personal pension plan is in operation and open to all employees of the company. Refer to note 12, which details the contributions made by the company. Designated stakeholder schemes are also in place for employees.

A Share Incentive Plan is in operation with the sole purpose of providing employees with the opportunity to purchase shares in Baker Tilly UK Holdings Limited. Employees are invited to purchase preferred ordinary shares from the Trustees of the Baker Tilly Holdings Limited Share Incentive Plan on a buy one get one free basis. A charge for the free shares taken up by the employees is reflected in these financial statements.

### POLITICAL AND CHARITABLE DONATIONS

During the year the company made charitable donations of £0.003 million (2011: £0.001 million), principally to local charities serving the communities in which the company operates.

No political donations were made during the year.

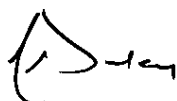
### AUDITOR

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

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



A Duley  
Secretary

16 October 2012

# Baker Tilly Tax and Accounting Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 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 those financial statements, the directors 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 financial statements,
- d 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 and 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 requirements of 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.

# **Baker Tilly Tax and Accounting Limited**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BAKER TILLY TAX AND ACCOUNTING LIMITED**

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We have audited the financial statements of Baker Tilly Tax and Accounting Limited for the year ended 31 March 2012 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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 inconsistencies we consider the implications for our report.

### **Opinion on the 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 2012 and of its profit 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 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Baker Tilly Tax and Accounting Limited

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BAKER TILLY TAX AND ACCOUNTING LIMITED

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### 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



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

22 October 2012.

# Baker Tilly Tax and Accounting Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2012

	<i>Notes</i>	2012 £'000	2011 £'000
TURNOVER	1	101,952	105,371
Cost of sales		(28,906)	(29,496)
Gross profit		73,046	75,875
Operating expenses		(70,544)	(71,808)
OPERATING PROFIT	2	2,502	4,067
Interest payable and similar charges	3	-	(18)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,502	4,049
Taxation	6	(734)	(1,257)
PROFIT FOR THE YEAR AFTER TAXATION	10	1,768	2,792

The operating profit for the year arises from the company'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 Tax and Accounting Limited

BALANCE SHEET  
as at 31 March 2012

(Company Registration No 06677561)

	<i>Notes</i>	2012 £'000	2011 £'000
CURRENT ASSETS			
Debtors	7	22,590	22,721
CREDITORS Amounts falling due within one year	8	(17,392)	(19,479)
NET ASSETS		<u>5,198</u>	<u>3,242</u>
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Profit and loss account	10	<u>5,198</u>	<u>3,242</u>
SHAREHOLDERS' FUNDS – EQUITY INTERESTS	11	<u>5,198</u>	<u>3,242</u>

The financial statements on pages 7 to 15 were approved by the board of directors and authorised for issue on 16 October 2012 and are signed on its behalf by



N J Tristem  
Director

# Baker Tilly Tax and Accounting Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

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

### CASH FLOW STATEMENT

The directors have taken advantage of the exemption conferred by Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and the parent undertaking publishes a consolidated cash flow statement

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is recognised at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

### RETIREMENT BENEFIT

#### *Group personal pension plan*

A group personal pension plan is in operation and open to all employees of the company under which contributions are paid into an independently administered fund. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The company has no further payment obligations once the contributions have been paid

#### *Defined benefit scheme*

The company operates a defined benefit scheme ("the Scheme") on behalf of Baker Tilly UK Group LLP. The Scheme was closed to new members and future accrual on 31 March 2010 and deferred pensions were granted to all members who were still active members on the date of closure. The assets of the Scheme are held separately from those of the company in independently administered funds

# Baker Tilly Tax and Accounting Limited

## ACCOUNTING POLICIES

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### TURNOVER AND REVENUE RECOGNITION

#### *Professional services*

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

#### *Other*

This represents amounts chargeable for the provision of staff and other operational costs to the Baker Tilly group of LLPs and corporate entities.

### SHARE BASED PAYMENTS

#### *Cash-settled share based payments*

Cash-settled share based payments are granted to certain employees. A liability and expense equal to the fair value of the services received is recognised on a straight line basis over the vesting period based on the estimate of the awards that will eventually vest. The liability is re-measured to current fair value determined at each reporting date. Changes in fair value are recognised in profit or loss. The fair value is measured by an external third party.

Provision is made for national insurance contributions on outstanding share-based payments that are expected to be exercised, based upon the latest enacted national insurance rates.

#### *Equity-settled share based payments*

Equity settled share based payments are granted to certain employees. These share based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight line basis over the vesting period based on an estimate of shares that will eventually vest. The fair value is measured by an external third party.

Provision is made for national insurance contributions on outstanding share-based payments that are expected to be exercised, based upon the latest enacted national insurance rates.

# Baker Tilly Tax and Accounting Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

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1      **TURNOVER**

The company's turnover was all derived from its principal activity, carried on substantially within the UK

2      **OPERATING PROFIT**

The auditor's remuneration is paid by and charged to the ultimate controlling party, Baker Tilly UK Holdings Limited

3      **INTEREST PAYABLE AND SIMILAR CHARGES**

2012	2011
£'000	£'000

Other interest payable	-	18
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4      **EMPLOYEES**

2012	2011
No	No

The average monthly number of persons (including directors) employed by the company during the year was

1,402	1,510
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2012	2011
£'000	£'000

Staff costs for above persons

Wages and salaries	47,289	49,056
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Social security costs	4,735	4,804
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Pension scheme costs	1,577	1,413
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Share based payments	188	249
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53,789	55,522
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None of the directors received any remuneration from the company during the year (2011 £Nil)

5      **DIVIDENDS**

2012	2011
£'000	£'000

Interim dividend paid £Nil million per share (2011 £4 975 million per share)

-	4,975
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# Baker Tilly Tax and Accounting Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

6	TAXATION	2012 £'000	2011 £'000
	Current tax		
	UK corporation tax on results of the year	477	1,106
	Transfer pricing adjustment in respect of current year	257	251
	Adjustment in respect of prior year	-	(33)
	Total current tax charge on profit on ordinary activities	734	1,324
	Deferred tax		
	Origination and reversal of timing difference	-	(67)
	Deferred tax credit	-	(67)
	Total tax charge on profit on ordinary activities	734	1,257

### Factors affecting tax charge for the year

The tax assessed for the year is different than the standard rate of corporation tax in the UK of 26% (2011: 28%). The differences are explained below

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	2,502	4,049
Profit on activities multiplied by the standard rate of corporation tax in the UK of 26% (2011: 28%)	650	1,134
Expenses not deductible for tax purposes	78	151
Transfer pricing adjustment	257	251
Transfer pricing reimbursement	(257)	(251)
Other timing differences	6	72
Adjustment in respect of prior year	-	(33)
Current tax charge	734	1,324

During the year, as a result of the change in the UK corporation tax rate from 26% to 24%, that was substantively enacted on 26 March 2012 and that will be effective from 1 April 2012, the relevant deferred tax balances have been re-measured

Further reductions to the UK corporation tax rate were announced in the March 2012 Budget. The changes, which are expected to be enacted, propose to reduce the rate by 1% per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore not recognised in these financial statements

# Baker Tilly Tax and Accounting Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

7	DEBTORS	2012 £'000	2011 £'000
	Amounts due within one year		
	Trade debtors	19,271	19,232
	Amounts recoverable on client services	3,144	3,222
	Other debtors	108	200
		<u>22,523</u>	<u>22,654</u>
	Amounts due after more than one year		
	Deferred tax	67	67
		<u>22,590</u>	<u>22,721</u>
	The balance for deferred tax is calculated as follows		
	Other timing differences	67	67
		<u>67</u>	<u>67</u>
	Provision for deferred tax		
		<u>67</u>	<u>67</u>
	Due at 1 April 2011	67	-
	Deferred tax credit in profit and loss account for the period (note 6)	-	67
		<u>67</u>	<u>67</u>
	Balance at the end of the year		
		<u>67</u>	<u>67</u>
8	CREDITORS Amounts falling due within one year	2012 £'000	2011 £'000
	Payments received on account	2,041	2,198
	Amounts owed to parent undertaking	4,975	4,975
	Amounts owed to group and related undertakings	3,911	5,403
	Corporation tax	477	1,106
	Other taxation and social security costs	4,203	4,275
	Other creditors	597	276
	Accruals and deferred income	1,188	1,246
		<u>17,392</u>	<u>19,479</u>
9	SHARE CAPITAL	2012 £'000	2011 £'000
	Authorised		
	1,000 Ordinary shares of £1 each	1	1
		<u>1</u>	<u>1</u>
	Allotted, issued and called up		
	1 Ordinary Share of £1	-	-
		<u>-</u>	<u>-</u>

# Baker Tilly Tax and Accounting Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

10	PROFIT AND LOSS ACCOUNT	2012 £'000	2011 £'000
	At 1 April 2011	3,242	4,975
	Retained profit for the year	1,768	2,792
	Capital contribution – share based payments	188	450
	Equity dividends paid	-	(4,975)
	At 31 March 2012	<u>5,198</u>	<u>3,242</u>
11	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2012 £'000	2011 £'000
	Profit for the financial year	1,768	2,792
	Capital contribution – share based payment	188	450
	Dividends	-	(4,975)
	Net increase/(decrease) in shareholders' funds	<u>1,956</u>	<u>(1,733)</u>
	Opening shareholders' funds	3,242	4,975
	Closing shareholders' funds	<u>5,198</u>	<u>3,242</u>

## 12 PENSION SCHEME

### *Group personal pension plan*

The group personal pension plan is in operation and open to all employees of the company. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charged represents contributions payable by the company and amounted to £1 577 million (2011 £1 413 million). Contributions totalling £0 280 million (2011 £0 258 million) were payable to the fund at the year end and are included in creditors.

### *Defined benefit scheme*

The company operates a defined benefit scheme ("the Scheme") on behalf of Baker Tilly UK Group LLP. The Scheme was closed to new members and future accrual on 31 March 2010 and deferred pensions were granted to all members who were still active members on the date of closure.

No contributions were paid by the company during the year (2011 £Nil) and there were no outstanding contributions at the year end.

The liability for any deficit, or benefit from any surplus, of the defined benefit scheme rests with Baker Tilly UK Group LLP and does not impact upon assets or liabilities of the company.

## 13 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 (Related Party Disclosures) whereby transactions with all other companies which are wholly owned subsidiaries of Baker Tilly Holdings Limited are not disclosed in the accounts.

# Baker Tilly Tax and Accounting Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

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### 14 CONTROL

The company is a wholly owned subsidiary of Baker Tilly UK Holdings Limited registered in England and Wales, which is the ultimate controlling party

The largest and smallest group of undertakings for which group accounts will be drawn up is that headed by Baker Tilly UK Holdings Limited and copies are available from 6<sup>th</sup> Floor, 25 Farringdon Street, London, EC4A 4AB