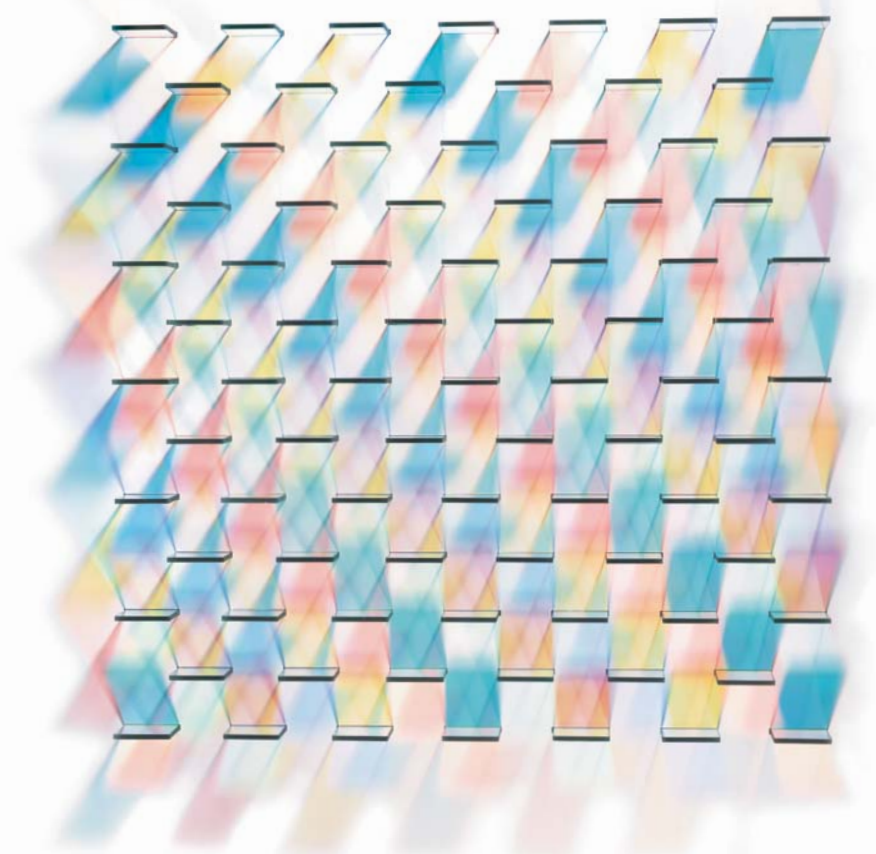


Deloitte.

The Annual

Deloitte & Touche LLP Annual Report 2006

A different perspective



Audit • Tax • Consulting • Corporate Finance •

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The front cover image is of an abstract metal and glass artwork by the artist Chris Wood. The artwork hangs in The Deloitte Academy, which was opened in 2006 to provide company Boards and individual directors with a wide-range of technical briefing, education and training.

Our highlights of the year

- Revenues increased by 15% to £1,559m
- Second in The Times Top 100 Graduate Employers 2006
- Seventh in The Sunday Times Best Big Companies to Work For 2006 awards
- Voted No. 1 leading tax adviser for the third year running in the International Tax Review's survey of leading tax advisers
- Ranked as the leading Enterprise Risk Management consultant globally in the latest Forrester Report
- Neil Wood, Deloitte partner, winner of Accountancy Age's Personality of the Year award following his pivotal FD role in securing the 2012 Olympic Games in London
- Named Best Securitisation Accounting Firm by International Securitisation Report (ISR)
- British Computer Society award for the Best Established Professional Development Scheme
- Recruited 1,200 experienced hires
- Launched two major new community initiatives to support talented disabled athletes and provide skills training to young college leavers
- Over 1,000 graduates recruited across our four businesses
- Continued to grow the business by winning FTSE 100 and FTSE 250 clients

Senior Partner and Chief Executive's Report

I am pleased to present 'The Annual', the 2006 Annual Report and Financial Statements of Deloitte in the UK. The past year has been a successful one for Deloitte, characterised by opportunity, change and growth for our business, our people and our clients.

Deloitte's performance in challenging markets has been strong across all business divisions and our 10,000 people continue to provide exceptional client service.

Our clients include multinational corporations, private companies, government and non-governmental organisations, charities and private clients and helping them succeed is our passion. Our business strategy is clear: To be recognised as the pre-eminent and most trusted professional services firm, famous for the calibre of our people and respected for the exceptional quality of our work.

Providing quality services

The relentless pursuit of the highest quality in our professional work remains one of the cornerstones in our firm's continuing success. Our focus on quality in everything we do encompasses the values of our people. Nowhere is this more important than in our work on audit assignments where we recognise the public interest in maintaining standards and objectivity. We do not take for granted the trust placed in Deloitte by clients and the wider business community, and sustaining this trust rests with every individual – at every level – within our firm.

Our people and culture

At Deloitte we foster a collaborative culture where talented individuals can produce their best work. We value innovative thinking, diverse insights and we strive to offer an exceptional level of customer service through our expertise and professionalism.

The quality of our people will continue to be our key differentiator and we continue to offer outstanding career opportunities. External recognition of our achievements includes being placed in second position in The Times 100 Graduate Employers Survey this year and in seventh position in The Sunday Times Best Big Companies to Work For in 2006. Our own Annual People Survey showed commitment increased to record levels.

In 2006 we have been building our resources across the practice. At 31 May 2006 our fee earning headcount exceeded 8,800 and was 12.8% higher than the previous year. On 1 June 2006 we promoted 38 partners, 12 principals and 136 new directors. In addition, during the year we hired 23 partners from outside of the firm and have a further 20 in the pipeline.

Investing in the wider community

Our people continue to contribute extensively to the wider community and through the Deloitte Foundation we are leading two new community initiatives that will support the disabled in sport and build employability skills for young people.

A different perspective

We believe that a key factor in our continued success is structuring our services to match the key challenges faced by our clients.

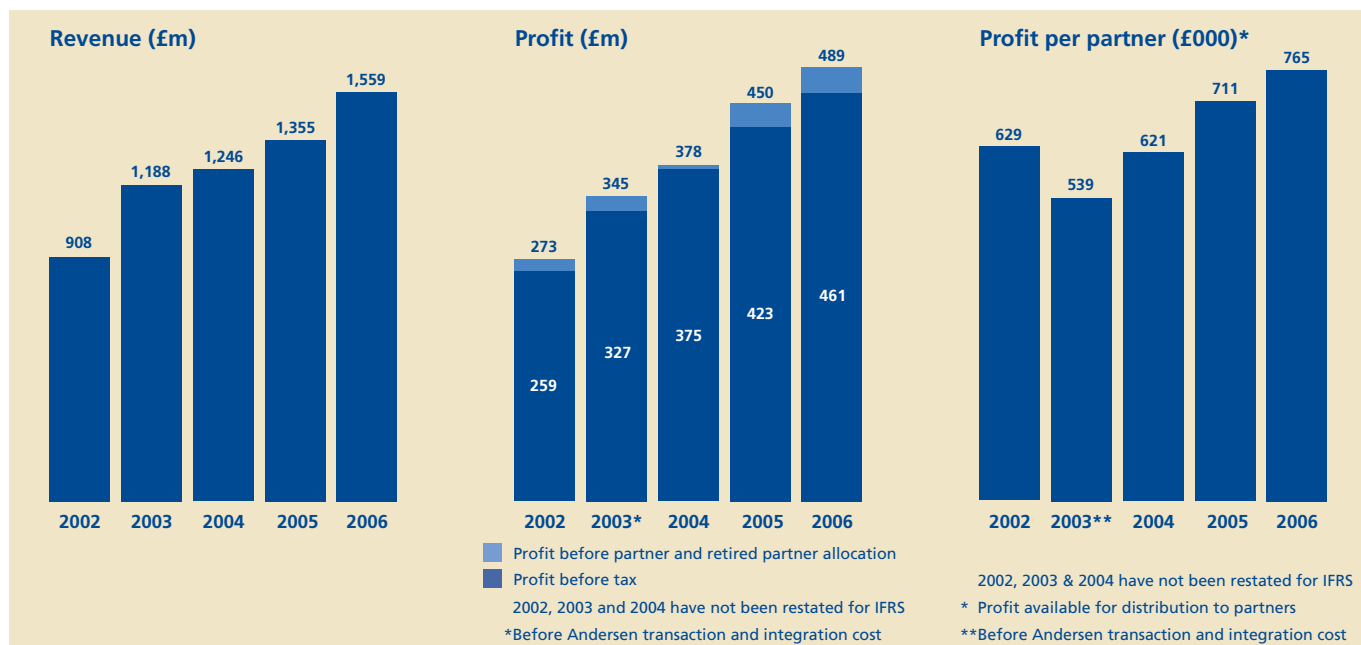
Today our clients' key challenges are: Financial reporting and delivering shareholder value; Governance, security and risk, regulation and compliance; Globalisation; Demographic challenge and the talent agenda; Industry consolidation and Performance optimisation through alternative business models. We recognise the need to innovate constantly to respond to rapidly changing issues. Our deep industry skills combine with service line specialists to meet our clients' needs.

We also seek to innovate in how our clients can access our expertise. This year we launched the Deloitte Academy, which is designed to provide support and guidance to Boards and individual directors. The Deloitte Academy is in direct response to the demands, challenges and increased accountability for those who manage and govern. Deloitte draws on its expert teams to give public company directors and other senior figures in business and the public sector access to a wide-ranging programme of technical briefing, education and training.

Our leadership

In May 2006 I was elected to lead the firm for a third term and our leadership has been reshaped to meet the market challenges ahead and our continued investment in quality and people.





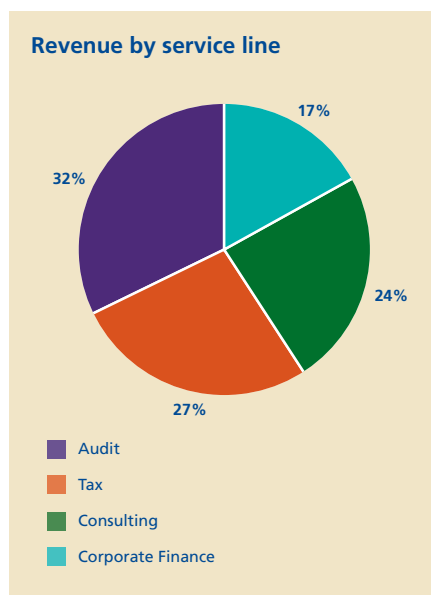
Our business performance

Each of our four divisions performed well in an environment which remained reasonably buoyant and where our decision to continue investing in increased professional headcount and our unrelenting emphasis on quality were rewarded.

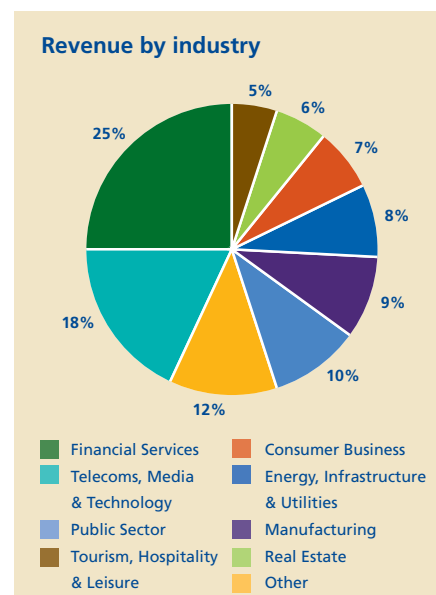
Turnover grew by 15% to £1,559m and total profits available for allocation to partners and to cover retired partner annuities grew by 8.7% to £489.2m.

Profit before taxation was £460.9m, an increase of 9.1% on the previous year. The average profit share of partners was £765,000 an increase of 7.6% on the previous year average.

Our unique depth and range of skills across each division and our continued interest across all client segments – government and public sector, major corporates and private companies – brought an interesting flow of new clients and engagements into our firm. The ‘hot’ M&A market, the growing importance of London as a centre of professional expertise and the continuing focus of companies on governance, security, risk and compliance all created quality business opportunities across our divisions.



In Audit our market share in the FTSE100 and FTSE250 continues to grow, and at 23% is now second largest in the UK. Recently, FTSE100 company Scottish Power announced Deloitte as their newly selected auditor. Overall growth was 17.2% and growth sources included IFRS conversion advice, preparation for Sarbanes-Oxley, transaction support and particularly Technology Risk Services where growth exceeded 30%.



Our Tax division grew strongly this year achieving 10.1% growth in what is still a very challenging environment. Our leading position in Private Equity and Corporate M&A provided particular growth opportunity. Our specialist teams in real estate and international tax were very active, influenced respectively by significant inflows of capital and the upcoming REIT legislation and many UK companies refocusing on international growth and the tax efficacy of their global operations.

Our Consulting business goes from strength to strength, experiencing 22% growth, and we are now recognised as the market's leading business consultancy. We are building on a strong, balanced portfolio across government and the private sector and seeing a continuing demand for multidisciplinary business drawing upon our specialist skills in strategy, operations, technology and human capital.

Our overall growth rate of 10.2% in Corporate Finance reflects a particularly high growth in M&A advice and transaction support, recognising the market strength, but also our range of skills across commercial, operational and integrity due diligence, post merger integration, sale and purchase agreement advice and debt advisory services. We experienced low growth in Reorganisation Services and insolvency related work impacted by what was a robust economic environment.

Regulation

We continue to make an important contribution towards shaping the audit profession through our work with regulators and other stakeholders, recognising that a strong audit sector is critical to the success of capital markets. Our focus throughout is that regulators should adopt a measured, proportionate approach to regulation, so that audit firms can compete in an open market to provide high quality services to their clients and fulfilling careers to their people.

In the last 12 months, much of this work has been directed towards the Company Law Reform Bill, which is one of the longest pieces of legislation in UK legal history and has covered issues such as auditor liability reform and the need to avoid unintended consequences arising from new provisions relating to auditing.

Liability reform remains high on the profession's agenda and we look forward to changes in this area to ensure that a reasonable degree of protection exists that will benefit capital markets.

Looking ahead

In line with most business sectors, 'calling' the market in the year ahead is difficult. The complex interaction of the turmoil in the Middle East, oil prices, fear of inflation, a slowing US economy all impact corporate confidence.

On the UK front we have conflicting features. The growth in the UK economy could improve more quickly and more significantly than many were expecting and we could see growth close to 3% this year. What's more, the pattern of growth is looking healthier, with the economy no longer relying so heavily on consumers and the government.

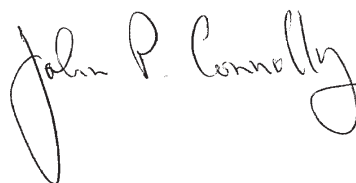
At the same time we have increased interest rates and with little sign of the underlying improvement in public finances that the Chancellor has predicted, the prospect of tax rises remains on the horizon. Meanwhile, many companies will have to divert money into plugging pension fund deficits over the next few years, restricting the amount of cash available for investment.

But the good news is that the factors which have kept inflation subdued as energy prices have soared – such as an expanding workforce and competition on the high street – are likely to remain in place. So if GDP growth does slow next year, the Monetary Policy Committee should be well placed to cut interest rates to bolster the economy if need be.

All of this points to unevenness in the level of opportunity for businesses influenced by the relative impact of the various global and UK drivers. Our challenge will be to be agile and direct our resources to support our clients across all sectors.

I am confident that we will do this and continue to grow our business based on further investments in enhancing quality and in our people.

I would like to thank all Deloitte people for their contributions both to the continued success of the firm and to the wider community. I am excited about the opportunities ahead and look forward to continuing to build a great organisation.



John Connolly
Senior Partner and Chief Executive

Market insights

Our clients face a range of challenges and opportunities every day, from rapid technological and regulatory change through to the emergence of new markets and competitors. In today's fast moving global market, how we help our clients respond is critical to their and our own success.

Our clients look to us for innovative advice that anticipates emerging trends and influences and offers a different perspective. Our global access, our market reach and our depth of expertise provides us with insight that allows us to anticipate new trends.

By making time every day to listen to our clients and to understand the complexities of the business environment in which they each operate, we are able to combine the insight we offer with their needs.

Over the next few pages we identify some of the issues affecting our clients and showcase the innovative approaches we have developed and delivered to meet and exceed our clients' needs.

Sustaining effective capital markets

Financial reporting and delivering shareholder value; Governance, security and risk, regulation and compliance

Efficient and effective operation of the world's capital markets is pivotal to economic prosperity.

In recent years the pace of evolution of markets has increased, shaped by a range of factors including the growth of Asian economies, the increasing internationalisation of capital flows, the rapid growth of new investment vehicles such as hedge funds and concerns about corporate governance.

Robust corporate governance practice is vital for effective capital flows as well as building confidence and trust in the markets from companies, government, investors and consumers.

We deliver leading-edge professional services across the full spectrum of business needs and we recognise our wider responsibility in making a contribution to enhancing good governance and playing a leading role in the development of robust reporting practices.

Heightened levels of scrutiny and increased accountability for those who manage and govern have placed Boards in recent years under ever greater pressure to demonstrate good governance along with enhanced reporting, while also delivering shareholder value. Navigating a course to ensure that these demands are met is vital to sustaining effective capital markets and ensuring the continued success of the UK economy.

Investors, industry clients, regulators, non-executive directors and audit committees seek certainty around a company's financial management and reporting regime, and there is a drive for more information and transparency. We recognise our role in working with these groups to build trust to help deliver confidence in the market.

The Deloitte Academy

One of our responses to this increasingly complex environment has been the launch of The Deloitte Academy. The Deloitte Academy has been designed to provide support and guidance to Boards and individual directors. Through the Deloitte Academy, public company directors and other senior figures in business and the public sector have access to a wide-ranging programme of technical briefing, education and training. Our programme includes regulatory updates, best practice in governance and broader economic and management issues.


The programme draws on the deep technical expertise of our firm combined with our broad practical experience, organised into a curriculum that can be customised to fit the specific needs of individual directors.

The format of the programme ranges from lectures and seminars, through workshops for whole Boards, to training for individual directors. All sessions are delivered in our dedicated facility and supported by private access to a physical and electronic library.

Our business insights are delivered through in-house and external experts who provide companies with information to assist Boards and individuals in understanding their obligations and responsibilities.

The Deloitte Academy:

- is designed for public company directors and other senior figures in business and the public sector
- offers support in a time of increasing directors' responsibilities
- provides a comprehensive range of technical briefing, education and training
- operates from a dedicated facility
- provides members with access to a wide-ranging programme of events with a customised curriculum
- is supported by physical and electronic training and library facilities.

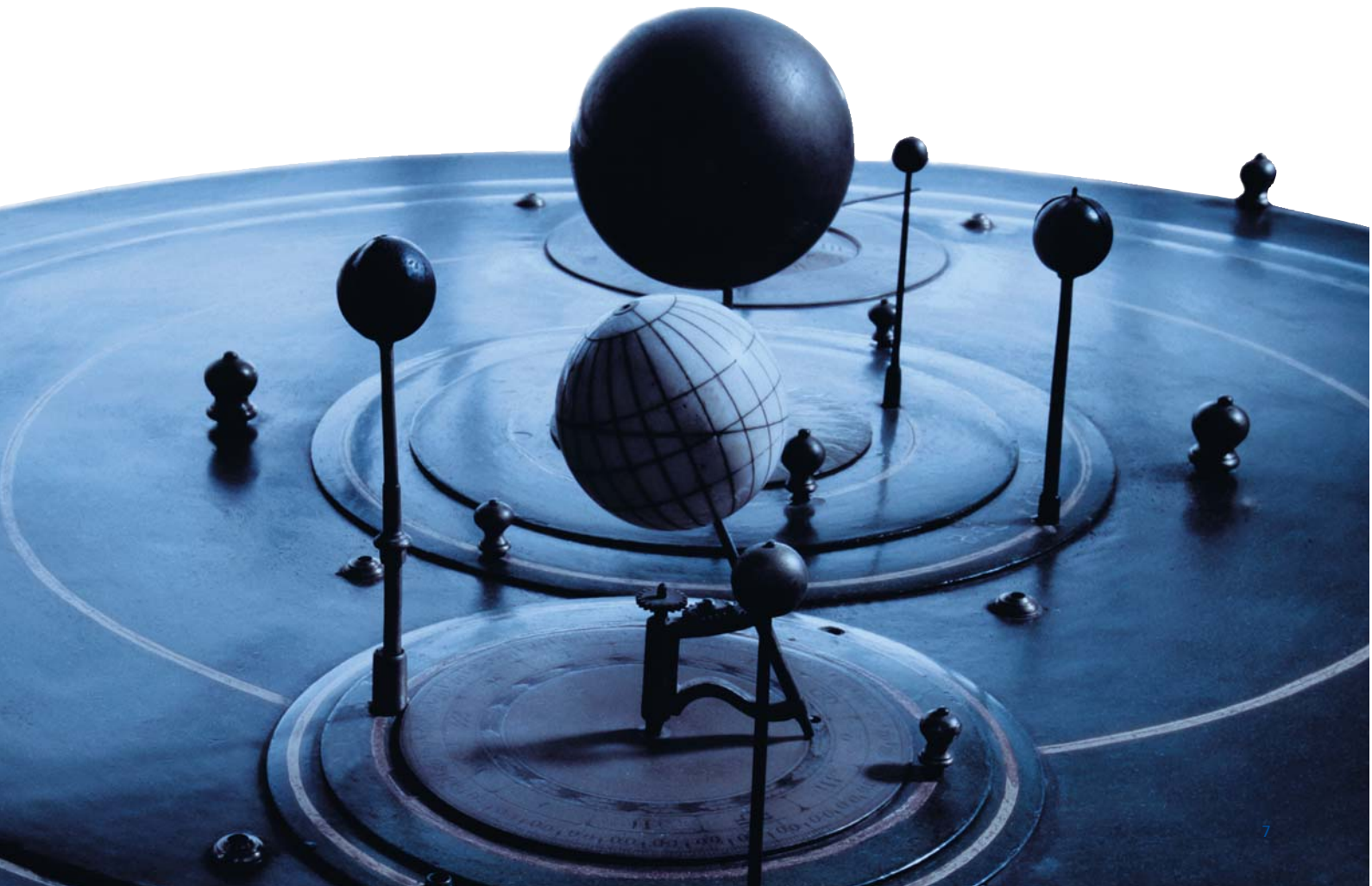


An orrery is a mechanical device that illustrates the relative positions and motions of the planets and moons in the solar system in a heliocentric model. It was named after the 18th century Earl of Orrery who commissioned a three-dimensional model of the workings of the solar system.



“We recognise our responsibility to contribute to the effectiveness of UK business and our investment in the Deloitte Academy is one demonstration of our commitment.”

Martin Eadon,
Managing Director, Clients & Industries



Security & trust

Governance, security and risk, regulation and compliance

We live in an information age, where as individuals and organisations we increasingly rely on accurate and available information.

The information challenges facing our clients are as diverse and sophisticated as the clients themselves and reflect the increasing use of, and reliance on, technological solutions both to solve business issues and create competitive advantage.

While businesses and consumers demand more, they do so with increasing requirements to protect information. This is no easy task as the IT perimeter expands and control over information becomes less well defined. However, what is clear is that these challenges must be managed effectively so that, while the technology is harnessed, brand value is protected.

Our response to these challenges has been to develop one of the UK's leading and largest information security practices, allowing us to provide solutions to our clients that meet their specific needs. It is also one of the most diverse practices with a pioneering team in biometric data security.

“Working with Deloitte we have found them to be extremely responsive, excellent at supporting changing requirements relating to both timescales and scope and very professional. They provide an excellent level of client service and the quality of work performed and reporting provided has been excellent.”

Director of Security Risk Control,
UBS Investment Bank

Our work in the innovative area of security is underpinned by a dedicated programme of thought leadership and industry insight including global security surveys that are designed to help identify emerging issues and trends and to enhance our clients in understanding and meeting these challenges as they arise.

Our clients are stretching technological boundaries to meet their business goals but in doing this it is also critical to ensure that information is protected. The way in which we harness our expertise to ensure successful outcomes enables us to carry out the testing of global network penetration of some of the world's largest financial services organisations.

“Research by Deloitte, the business advisory firm, showed there was a 52% increase in external attacks in 12 months, with more than three-quarters of institutions confirming a security breach from outside the organisation.”

Financial Times, 13 June 2006



Intelligent oil fields

Today, the oil and gas industry use computers and other technology to make their work easier, safer, more efficient and less costly. Using computers for everything from finding gas and oil deposits to helping to extract more reserves from a reservoir is now commonplace. However, utilising technology in this way comes with significant challenges, challenges that are becoming more acute as we live with the increasing threat of terrorism. What is clear is that as these organisations drive efficiencies through automation, the digital threat needs to be considered as rigorously as the physical.

When a leading oil and gas organisation wanted assurance that their refinery environments were protected from sophisticated digital attacks, both internal and external, they turned to us. Deploying a unique mix of sophisticated penetration testing techniques combined with a detailed knowledge of process control domain environments, we were able to make recommendations designed to improve the level of protection afforded to their critical production infrastructure.

Identity theft

Identity fraud is increasing dramatically. As businesses become increasingly reliant on third party suppliers and service providers and technological advancements continue to drive the way in which different parties communicate with each other, so fraud is becoming better organised, harder to detect and more ambitious. In response, credit card users are putting payment processors and merchants under pressure to ensure the confidentiality of the data associated with credit card transactions.

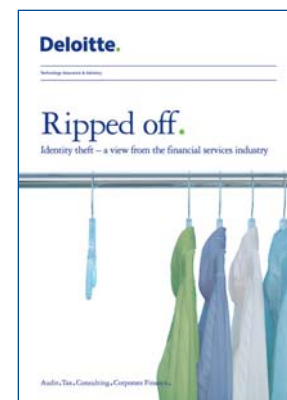
When one of the world's largest payment processors wanted to mobilise an enterprise wide security programme that fundamentally redesigned the way they protect credit card information, they approached Deloitte. We used our experience of card processing environments to develop a programme that included a range of security and fraud management solutions, designed to ensure information and transactions are managed securely.

Ultimately this programme has allowed senior management to demonstrate due diligence over account and transaction information, in turn providing competitive advantage through helping to maintain trust and enhance its positive image.

Biometrics

The launch of self-checkouts within the retail sector has introduced a new challenge, notably the need to confirm the age of customers purchasing restricted goods such as alcohol and tobacco.

To address this problem and to bring further benefits to customers such as faster checkout times and not having to carry cards or to remember PINs, a major retail organisation decided to implement a fingerprint-based payment system at a number of their outlets. The system



performs automatic age verification and also provides the option of paying for the goods at the touch of a finger, using pre-registered and verified bank details.

As an industry leader in the field of biometrics we performed an in-depth risk and vulnerability assessment of the new payment solution to provide the decision makers with a vendor-independent view of the security of the system. Furthermore, we were also asked to provide recommendations for a potential wider-scale roll-out of this innovative solution.

Deloitte worked alongside the National Physical Laboratory (NPL) to lead a set of biometric trials. This was run under the DTI as a joint industry project and the work will benefit the UK biometric industry and our clients as they adopt this advanced technology.

Testing took place on two sites, one at NPL and one at Deloitte, which provided test facilities, trial participants and in-house experts to assist with the evaluations. Over 200 volunteers were used in evaluating the system.

Technological advances will continue to bring opportunities and challenges. Our strength has been in our ability to understand the risks inherent with new technologies and develop and implement practical solutions that protect and enhance our clients' value.

Find out more at www.deloitte.co.uk/security

Since fingerprints were first examined and compared over 100 years ago no two areas of friction ridge skin on any two fingers or palms have been found to have the same friction ridge characteristics.

Mergers & acquisitions

Industry consolidation

While private equity has dominated the M&A skyline for a number of years, 2006 has seen the re-emergence of the corporate players. Far from being subordinated, the private equity industry has stepped up its ambitions.

We have seen a number of key changes in the M&A market in the last year, notably a return to confidence in the corporate market and the development of alternative investors in the traditional private equity arena. Huge levels of liquidity, as have never been seen before, have provided the fuel and, with private equity looking to invest a huge wall of money, the corporate market has become more confident and resilient to private equity's advances. At the same time, we have seen private equity houses making plays on the big, listed companies. Deloitte advised on the \$11 billion public to private buy-out of VNU, which was a move by six private equity houses, including Carlyle and Hellman & Friedman.

Emerging trends

Our own research into debt entitled 'Will the good times keep rolling?' identified that the private equity industry has enough firepower to acquire 43% of the FTSE 100. While it is unlikely that the global private equity market would focus all its attention on the FTSE 100, the figure shows how much power lies behind the industry.



The financial services industry has seen the start of a wave of cross-border consolidation this year, particularly in the retail banking sector. A Deloitte piece of research titled 'A new playing field' predicted that 700 banks would be acquired globally over the next four years.

Consolidation has also been seen in the water treatment chemicals industry in the last year. Deloitte worked closely with Degussa AG to deliver the €120m disposal of its water chemicals businesses. The deal took over a year to complete as a result of the complexity of carving out the business and the geographical spread across over 20 countries. Managing this complexity as well as the different cultures and practices across continents – regular occurrences in the increasingly globalised M&A market – were key factors in the successful execution of the transaction.

The healthcare sector has, in particular, grabbed a share of the headlines. Deloitte's healthcare team has been one of the leading players in the market and has been suitably recognised by the HgCapital Rainmaker awards for three consecutive years. Over the last 12 months, Deloitte has worked on over a dozen transactions in the healthcare sector. A landmark deal of 2006 has been the £2.2 billion disposal of General Healthcare Group by BC Partners to Netcare, the largest ever European healthcare deal. Residential homes have seen dramatic growth in the last year, attracting a great deal of private equity interest. Deloitte also advised on the sale of Hesley Group, which offers residential education therapy and care for young people affected by autism, associated disorders and challenging behaviours.

The regions within the UK have also seen a great deal of activity this year. The Hesley Group deal was run out of Deloitte's Nottingham office and Bakkavor's £130m acquisition of Laurens Patisseries was run out of the Birmingham office. The acquisition of Laurens Patisseries was the sixth deal in a series of acquisitions made by Bakkavor Group, the biggest being the transaction with Geest the previous year for £623m.

Boutique services

In tandem with the activity in the M&A market, our post merger integration team has been extremely busy helping clients achieve success in acquisition and de-merger strategies. A highlight of the year has been assisting NTL to achieve the effective integration of both Telewest and Virgin Mobile. These deals will allow NTL to have what is termed in the industry a 'quad play' offering of fixed line and mobile telephone calls, web access and television services.

We have responded to the evolution of the M&A market by completing a transaction with Burlington, the strategy consultants, to bolster our commercial transaction services offering. A key assignment undertaken since the new team joined included working with Deloitte's corporate finance advisory, financial due diligence and tax teams on the Steelite International deal.

We have also developed new capabilities in the debt advisory field, reflecting the increased complexity of the debt market, which now offers all kinds of debt from secondlien to credit derivatives. The launch of this service has been successful. The team has advised on a range of transactions from private equity houses financing bids with complex debt structures to debt restructuring in corporate distress situations.

As private equity and trade buyers look to find the 'angle' on a deal, competitive differentiation has become important. Deloitte's specialist services, such as post merger integration, M&A tax, sale and purchase agreements and operational due diligence, help our clients achieve this and we have seen demand for these services increase substantially as a result. The specialised M&A tax team are in demand and are frequently brought into a deal to provide tax advice even where another adviser is providing financial due diligence. The team has worked on a number of high profile deals as a result, such as the acquisition by CVC Capital Partners of Formula 1, and the Debenhams IPO.

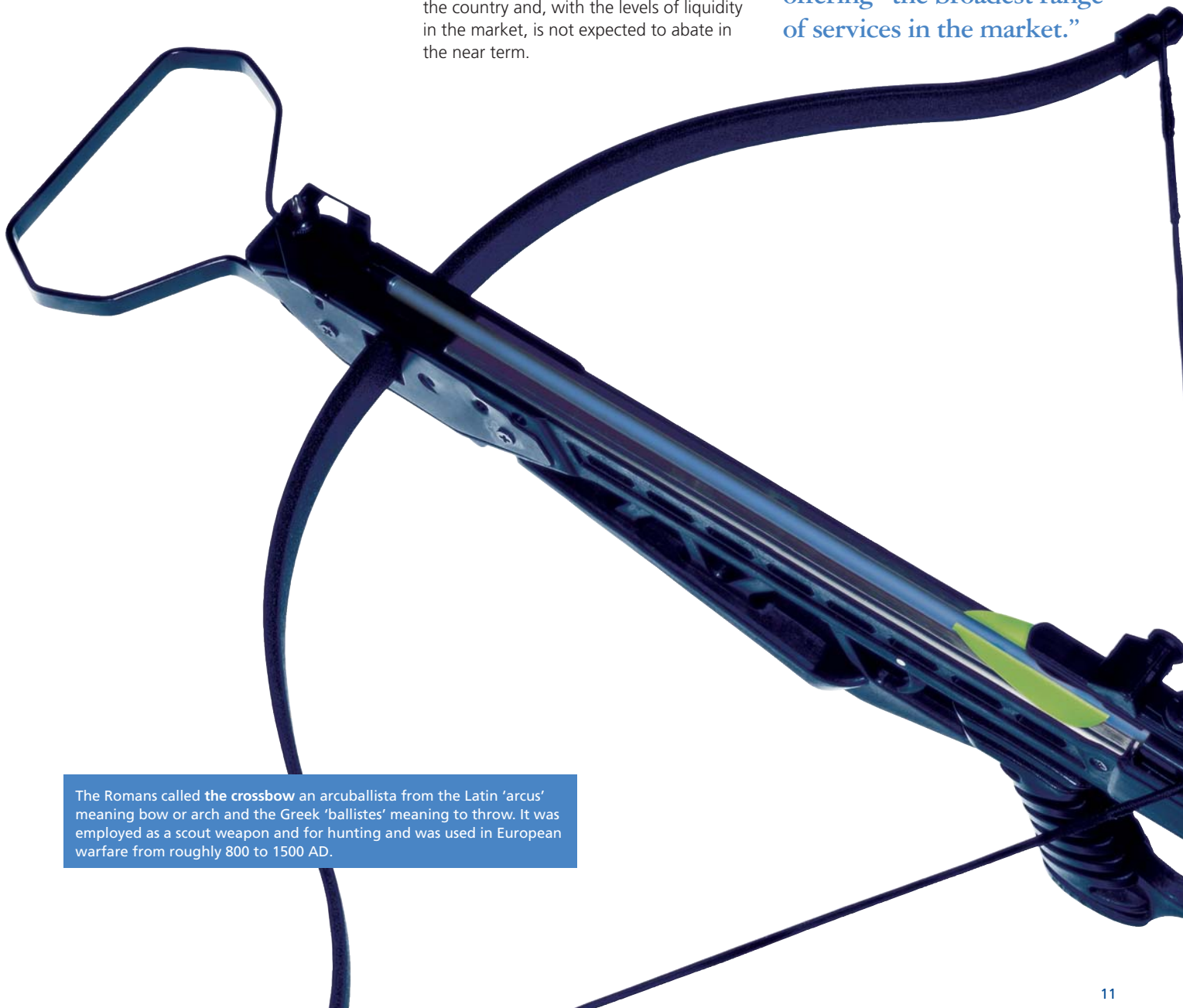
Deloitte also offers its clients advice on sale and purchase agreements. The team is the biggest team in the City and its expertise has been in demand in the past year as fixed price mechanisms have become a more common phenomenon. Fixed price deals, or 'locked box' deals as they have become known, are used primarily on secondary deals as a means of avoiding the potential post-deal clash over completion accounts. A loss or gain of 10% or more of headline deal value can occur purely through the approach to the cash accounting aspects of the sale and purchase agreement. Locked box deals have changed the way the market operates. Advisers now need to do much more work up to the deal but completion accounts are now becoming less common.

The M&A market continues apace across the country and, with the levels of liquidity in the market, is not expected to abate in the near term.

“We were impressed by Deloitte’s initial presentation, and over the subsequent year we have been delighted by your delivery – you have done exactly what you said you would do, and more.”

David Haydon, Director, Hesley Group

Unquote magazine awarded Deloitte’s corporate finance team the “financial adviser of the year” accolade for offering “the broadest range of services in the market.”



The Romans called the **crossbow** an arcuballista from the Latin 'arcus' meaning bow or arch and the Greek 'ballistes' meaning to throw. It was employed as a scout weapon and for hunting and was used in European warfare from roughly 800 to 1500 AD.

The future of pensions

Demographic challenge

The volume of activity in the pensions landscape has been unprecedented in the last year leaving reverberating impacts across the industry.

The future of pensions

Consider the roll call: the introduction of the Pension Protection Fund and its levy; the influence of the Pensions Regulator on funding and M&A transactions; radical changes in tax treatment for individuals as well as corporates; trends towards defined contribution and flexible benefit strategies. Then of course there are the far reaching conclusions of the Turner Report and the pensions White Paper with which corporates will have to contend.

“The Pension fund has become the most important decision facing a CEO and so it should be given the level of financial risk.”

Financial Times, 20 January 2006

In response to the many challenges, it is encouraging to see that the industry is responding with genuine innovation and a fresh approach.

Deloitte has been leading many of these new developments by working with corporates to provide complete solutions to complex pensions problems.

Pension strategy

In the new landscape, pension liabilities are now viewed as company liabilities and so pension risks are now, more than ever, seen in the wider context as a key business risk. Pensions have moved up the agenda and companies are beginning to manage this new business risk with the same focus and skill as other significant parts of a business.

There is not one clear-cut answer to these challenges and it is vital that a company understands the various opportunities and threats currently in play. By bringing together the technical expertise of our pensions consulting and actuarial services, including our significant expertise in asset and liability modelling and investment strategy, we are uniquely placed to deliver complete solutions to one of the most complex issues facing business today.

We work with our clients to develop their pension strategy – how to finance their pension schemes, what benefits they should provide and how to operate their pension schemes.

Financing strategy – How to pay for and stabilise the pension deficit?

Almost all companies today report considerable pension deficits. Our website www.desktopactuary.co.uk provides real time updates on the aggregate FTSE 100 pension deficits.

Corporates require a financing strategy to articulate how they plan to address this problem – whether to plug the gap or to prevent it from deteriorating again.

We advise clients on how to repay deficits systemically with a minimum of volatility in company cash flows and accounting entries. We’ve worked with clients to resolve funding issues in a variety of situations ranging from acquisitions, buy-outs and IPOs through to restructuring and insolvencies. In each case, considering the specific circumstances and stakeholder position to find the right answer for the client.

Our analysis demonstrates that the size of the deficit is not the only issue causing problems – it is the inherent volatility. For example, our recent work with WH Smith represented the navigation of a new theme of liability-driven investing (LDI) that is sweeping through the UK’s pension fund industry

The theory of LDI is to manage investment risk by matching a scheme’s assets more closely to the regular inflation-linked demands for cash from pensioners. This breaks with standard pension fund practice, which has in the past focused more on investment returns than liabilities – measuring risk with reference to an investment benchmark rather than against the liabilities.

Benefit strategy – What pensions to provide?

Deloitte is a market leader and innovator for clients who want to reduce cost within pension schemes by tax and National Insurance (NI) efficient treatment of contributions. For example, Deloitte SMART Pensions has become the synonymous brand for pensions salary sacrifice.

FTSE 100 Pension Deficits over the past year





The carabiner is an oblong metal ring with a spring clip, which is used in mountaineering to attach a rope to a piton or to connect two ropes. It is often used as part of a safety harness and was first used in the sailing industry.

SMART enables clients to restructure the way that employees pay contributions to the pension scheme, which result in NI savings on the employee contribution for the sponsoring employer and a corresponding increase in take-home pay for employees.

Our cross service line team of pensions and tax specialists bring together the expertise to deliver a complete solution to this complex implementation – pensions technical, tax compliance, payroll compliance and employee communications.

Our clients are representative of all industries and sectors, encompassing all types of pension scheme. One such example was our work with Britvic, the leading soft drinks manufacturer. Our successful implementation of SMART Pensions enabled Britvic to exceed their expectations and was recognised by a Management Consultancies Association award.

Operating strategy – How to run the company pension schemes?

Deloitte has also been innovative in its solutions for clients who want to operate their pension schemes more efficiently, with greater control and improved governance.

Our market leading team has advised multinational companies on how companies running pension funds in several countries are able to 'pool funds' in a single pension fund pooling vehicle (PPV). Our clients have benefited from a centralised coordination of international funds enabling increased governance and oversight, lower transaction costs and reduced asset management fees, along with increased revenue from securities lending and commission recapture, enhanced reporting from a single global custodian and greater consistency in quality of asset management.

One of the major custodians currently involved in pension pooling has seen the following savings achieved for the pension funds of several European organisations:

an increase of up to 70 basis points on the investment performance of global equities for some subsidiaries; a benefit of \$8m per year for one local plan through the restructuring of its bond investments into a pooled vehicle and even greater benefits from higher performing alternative investments such as hedge funds and private equity.

Looking ahead

New and old pension problems present themselves to UK plc and there is not a one size fits all approach to managing them. A successful solution will depend on many factors, including the company's structure, risk appetite, tax position and commercial prospects, as well as the size of its deficit and the attitude of the trustees.

Among the many uncertainties companies face, the uncertainties surrounding pension liabilities are becoming increasingly dominant. For businesses to remain competitive and financially strong, pensions issues will need to be managed as effectively as any other business risk.

“It took two years of collaboration between WH Smith, its bankers, the pension fund trustees, State Street, the fund manager and Deloitte, the consultant to put together the solution.”

Financial Times, 30 March 2006

Finance risk & regulation

Governance, security and risk, regulation and compliance

Financial institutions operate on a huge scale at the heart of the economy. As consumers, our insurance policies, life-time savings, bank accounts, mortgages and pensions are managed by these organisations.

Financial stability of these financial institutions is vitally important to consumers' every-day life, their futures, as well as the health of the economy.

At the heart of any financial institution, helping to protect its financial stability, is risk management. The ability of a bank to understand the risk it exposes itself to in lending money to individuals enables it to price competitively and profitably. The ability of an insurer to understand the risks it underwrites is paramount to the viability of its business model. The ability of an investment manager to understand its own risk exposure versus the risks passed on to the customer is critical in establishing clear and transparent fund mandates.

Regulatory regimes such as Basel II for banking and Solvency II for the insurance sector aim to enhance organisations' approach to risk management, linking risks more explicitly to capital.

In response, many financial institutions have made fundamental changes to the way they handle risk management. Making these changes successfully requires a mix of skills drawing on finance, risk and regulatory expertise in conjunction with change management and programme delivery.

We use deep risk and regularity expertise to help clients understand the scale of impact and what needs to change, technology expertise to enhance infrastructure enabling better data capture and reporting, advisory support to understand the changes to the business models including interactions between risk, finance and the business, and also programme leadership to support and assure delivery of these complex change programmes.

We have worked with a number of prominent retail and investment banks across the finance, risk and regulatory agenda. Our projects have ranged in size and complexity from full scale partnering to smaller scale advice.

Our work with Lloyds TSB on their Basel II programme has involved working with group and business units; liaising with functions such as risk, finance, compliance, IT and internal audit; and developing approaches that could be bought into by differing cultures and needs. This provided challenges which were met by combining the appropriate finance, risk and regulatory skill sets.

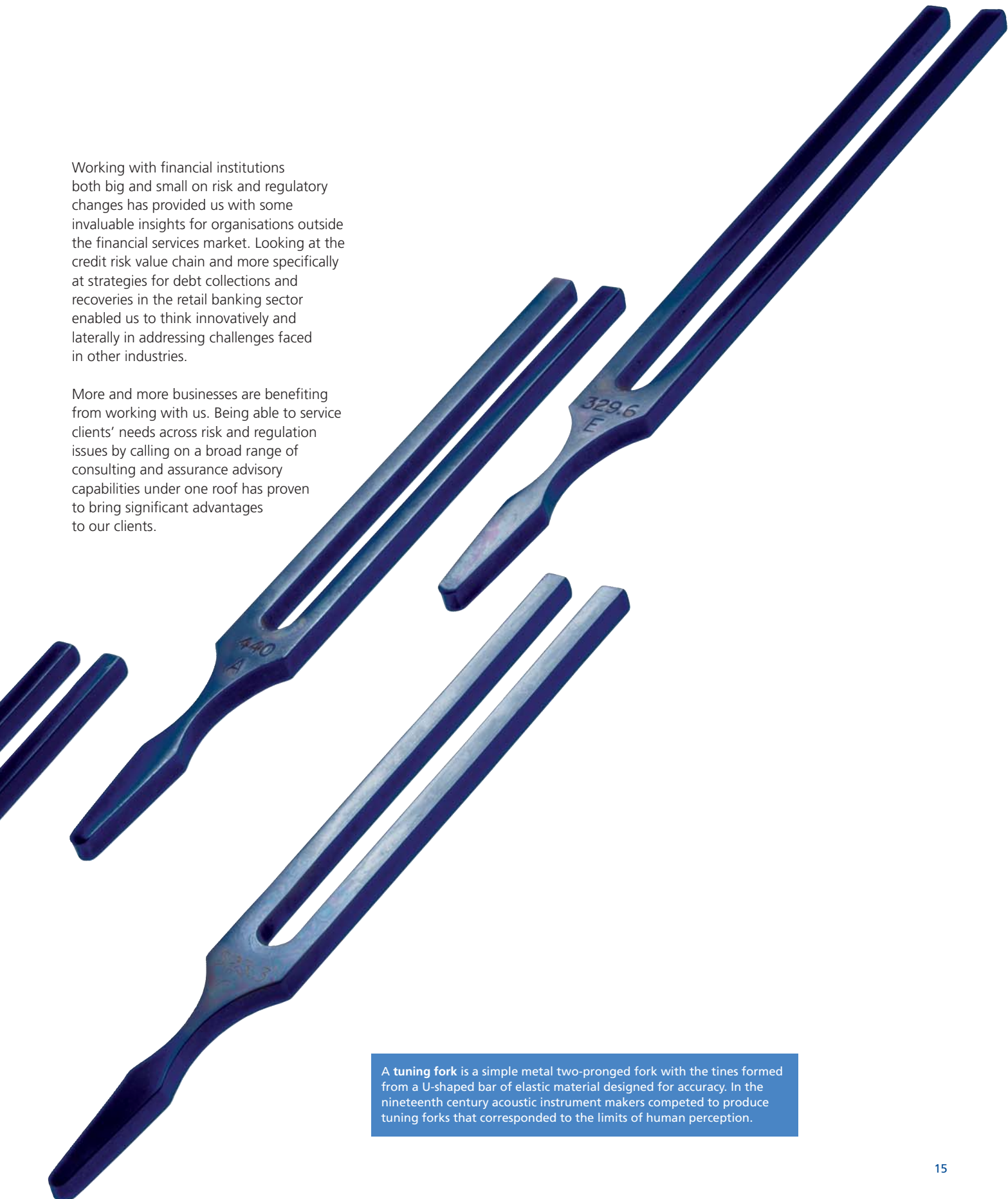
There are often major differences in the way financial institutions address the regulatory changes, due to differences in the underlying business model, differing cultures and differing business requirements. An approach that is right for one organisation is not necessarily the right approach for another. This is why we believe 'partnering' with our clients is critical. We do not force a solution upon our clients, but instead work with them to develop a solution that is right for them. This ultimately delivers the most value to our clients and has enabled us to build strong lasting relationships with a number of prominent organisations.

“We have partnered with Deloitte over the last four years. They have consistently been able to combine deep industry expertise with effective programme delivery and in the process have added significant value to the programme.”

Simon Baker
Basel II Programme Director, Lloyds TSB

Working with financial institutions both big and small on risk and regulatory changes has provided us with some invaluable insights for organisations outside the financial services market. Looking at the credit risk value chain and more specifically at strategies for debt collections and recoveries in the retail banking sector enabled us to think innovatively and laterally in addressing challenges faced in other industries.

More and more businesses are benefiting from working with us. Being able to service clients' needs across risk and regulation issues by calling on a broad range of consulting and assurance advisory capabilities under one roof has proven to bring significant advantages to our clients.



A tuning fork is a simple metal two-pronged fork with the tines formed from a U-shaped bar of elastic material designed for accuracy. In the nineteenth century acoustic instrument makers competed to produce tuning forks that corresponded to the limits of human perception.

Cost reduction

Performance optimisation through new business models

Cost reduction remains high on the boardroom agenda, with recent findings of a Deloitte survey showing that over three quarters of companies have undertaken a major cost reduction programme in the last 18 months.

Deloitte believes that for cost reduction to be successful, an approach is needed that radically restructures costs in a short time frame and which requires an organisation to think about doing business in a fundamentally different way. While many organisations undertake cost cutting programmes by focusing on just a few key areas, our approach is broader. It considers an enterprise-wide view that looks at a businesses entire cost base – identifying short and long term efficiencies that improve an organisation's competitiveness and leave it more fit for purpose.

One such example is work carried out recently for the Department for Transport (DfT) and its associated agencies. Deloitte was originally invited to carry out a review of all of the back office functions of the department, including its IT function, HR, finance, real estate and procurement processes. The aim was to determine how the DfT could best meet its cost reduction targets. Following this review, Deloitte recommended the implementation of a shared services programme for the HR and finance functions of the department. This would involve a consolidation and sharing of services between the department and its family of agencies to help achieve cost savings worth millions of pounds.

“Implementing shared services is a significant challenge for the department. However, if we are to be fit for the future and deliver the services our customers expect at an acceptable cost to the taxpayer then it is a step change we simply have to make.”

Stephen Hickey, Department for Transport

Deloitte's approach to cost reduction involves helping businesses to deploy their capital more effectively. Corporates are increasingly seeking to take advantage of the buoyant property market to use these assets to raise more cost effective capital. Property assets consume significant financial resources, so structuring the business so that it has control of the property it needs to support its core activities yet releases the value inherent in the assets is extremely important.

Recently, Deloitte advised WA Shearings, the UK's leading coach holiday operator, on the sale and leaseback of 39 regional hotels to the Moorfield Real Estate Fund. The deal was completed a year to the day after the £200m merger between Shearings Holidays and Coach Holiday Group, backed by 3i Group plc. The transaction enabled WA Shearings to repay substantially all of the debt taken on at the time of the merger and to reduce the cost of the capital of the business. Security of tenure and operational control of the assets was retained through the 25 year lease, which was a key priority for WA Shearings.

Design & implementation

At times, the choice and timetable for the design and implementation of a cost reduction programme is less discretionary and management need to portray a 'burning platform' to instil the required urgency across the business. Deloitte's reorganisation services team is made up of a strong team of financial and restructuring specialists who work with the stakeholders of under-performing and financially distressed businesses to maximise value.

Our work with J R Crompton Limited (a manufacturer of tea bag paper in the UK) involved evaluating the options available to maximise value for the creditors for the troubled business. This included a turnaround plan (through a balance sheet restructuring and new monies) and, if this could not be achieved, an administration of the company. Following discussion by key

stakeholders and secured lenders, the company went into administration. This allowed Deloitte to perform a strategic review, the results of which included reducing employee headcount by 12% and terminating certain onerous supply contracts while maintaining a 24 hour, seven day a week production at all three sites. This resulted in a business in better shape for sale. After a complex sale process involving German and EC competition authorities, the administrators sold the three mills separately. The ability to review strategically the business and implement a cost reduction programme in administration assisted in obtaining the high recoveries made in this case.

New developments

The exclusive marketing arrangement with Aaronite Partners Ltd, a business which offers Chief Restructuring Officer (CRO) services, whereby senior executives work as part of a corporate's leadership team to help businesses in distress, is an innovative development. This is in response to the demands from various stakeholders, such as non executive directors, private equity institutions and lenders, who require an experienced restructuring professional to drive change and alleviate pressures on management. This reflects research which shows that the average time taken by companies to recover when the share price is in decline is 26 months. However, when a CRO is appointed to manage the turnaround, the share price recovers on average in ten months, less than half the time otherwise taken.

Deloitte has wide-ranging and in-depth experience of developing and implementing complex cost reduction programmes on behalf of companies ranging from global, profitable corporates to mid market distressed businesses. Our functional expertise – from real estate, supply chain, procurement, sales and marketing, human resources to tax – means we deploy robust methodologies to ensure delivery of a holistic and sustainable programme.

“Deloitte has provided us with the on the ground support to ensure that the appropriate business planning occurs around our technology projects. They have been responsible for ensuring that business and process change is supported within our production communities and their expertise in change management has been a real asset.”

Paul Cheesborough, Technology Controller, Production, BBC

Deloitte has been working as part of the Siemens Consortium with the BBC, as they adapt to a new digital landscape. The BBC is in a transition phase – and the Siemens Consortium is working with them as they move to digital content production across the BBC – a huge feat that will have a significant impact on day-to-day processes and creative output. Deloitte's remit within the Siemens Consortium is to help shape and assure major programmes and deliver business transformation expertise alongside Siemens. In that role, the Deloitte consulting practice has worked on the shaping of a programme to establish in detail the benefits a move from tape to digital production would bring for the BBC. Plans are in place to remove tape from the production process by 2010 and part of the business transformation activities includes Deloitte helping BBC production teams qualify, quantify and prepare for the impact on their roles and potential creative and operational improvements.

At the heart of these new BBC operating models is a shift from tape towards a tapeless, file-based approach throughout production, publication and archive – offering significant cost and time based efficiencies. This will complement the benefits of enhanced flexibility and creativity generated through sharing content seamlessly across teams within and outside of the BBC and support the BBC's multi-platform and on-demand content publication plans.

A prime focus for both Siemens and Deloitte is ensuring that the new technology infrastructure translates into a new business model for the BBC – creating the necessary cultural shift across the organisation. Our team of business transformation experts provides skilled resources to ensure a co-ordinated and standardised approach to technology enabled change activities across the BBC. The key aim being to ensure BBC teams fully grasp the potential of digital technology to aid the creative production and archive of content.



A **microscope** is an instrument for viewing objects that are too small to be seen by the naked or unaided eye. Anton van Leeuwenhoek (1632-1723) is generally credited with bringing the microscope to the attention of biologists.

The heart of a tax revolution

Financial reporting and delivering shareholder value

The practice of tax is becoming more demanding, driven by a fast-evolving regulatory environment, increasing cost pressures and greater scrutiny of the tax affairs of businesses by investors, tax authorities and even customers.

This new environment presents new challenges for finance and tax directors and Boards, all of whom need to be confident that the tax area is delivering value, while meeting the demands of the new world.

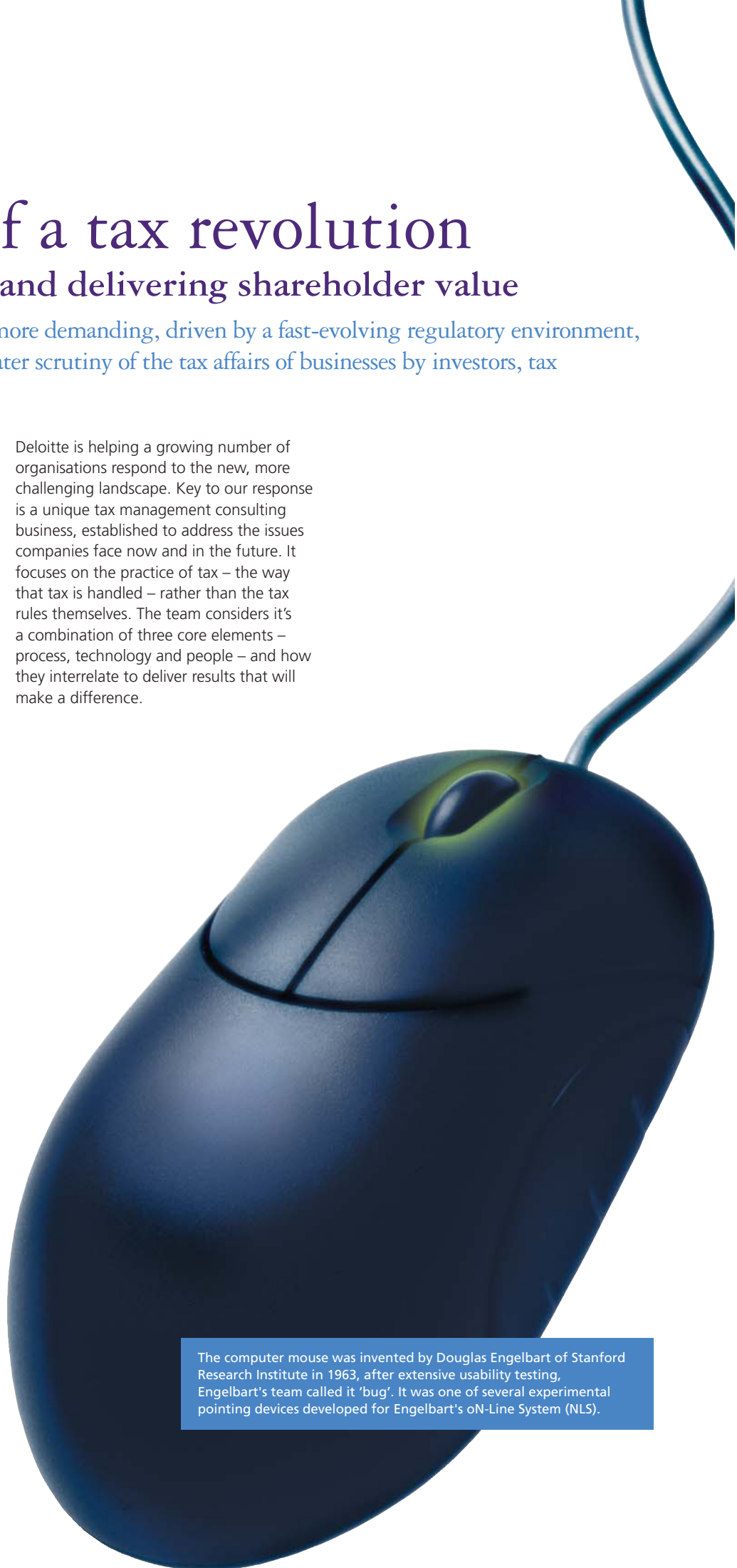
Risk management and transparency are just two drivers in this changing environment. The Sarbanes-Oxley Act in the US and other country regulation have forced many companies to reconsider tax arrangements and how these are managed by in-house teams or outside experts who may be geographically further afield.

New technology is also creating opportunities and challenges. Technological developments have greatly enhanced the management of tax. Enterprise-wide accounting systems, increasingly used by large companies, have improved the quality and timeliness of financial data, making outsourcing of tax services easier to manage.

Deloitte has developed Global Backbone, a tax compliance management tool: “It’s very easy to quickly get an overview of where the group is at. It really couldn’t be any simpler.”

Charles Tomkins
Head of UK and Overseas Compliance, BT

Deloitte is helping a growing number of organisations respond to the new, more challenging landscape. Key to our response is a unique tax management consulting business, established to address the issues companies face now and in the future. It focuses on the practice of tax – the way that tax is handled – rather than the tax rules themselves. The team considers it’s a combination of three core elements – process, technology and people – and how they interrelate to deliver results that will make a difference.



The computer mouse was invented by Douglas Engelbart of Stanford Research Institute in 1963, after extensive usability testing, Engelbart’s team called it ‘bug’. It was one of several experimental pointing devices developed for Engelbart’s oN-Line System (NLS).

The Sarbanes-Oxley Act and other developments have forced companies to reassess their tax accounting processes in order to meet the exacting standards required. Our tax management consulting business has helped companies like Lloyds TSB and Friends Provident automate and streamline their tax reporting processes, allowing them to close their books earlier, with less effort and much greater confidence.

Managing tax compliance for multinational companies has always been demanding, and it's becoming even more so with growing pressure from regulators, shareholders and tax authorities to maintain up-to-date information on tax filings and payments. Our response has been to develop Global Backbone, a powerful tool that keeps track of compliance processes and tax teams in multiple tax jurisdictions. It contains the tax rules for 65 countries, and is already allowing over 200 multinational clients to manage over 29,000 entities and some three million tasks. No other firm offers this truly innovative capability.

Major clients such as Cisco, BT and Shell are already reaping the benefits of using Backbone to build a picture of their compliance responsibilities and decide how to allocate the compliance burden.

Cisco is using Backbone to track its corporate tax and VAT returns processes in Europe and statutory accounts process in over 70 countries worldwide.

Over the next few years, governments around the world will increasingly require submission of tax returns electronically. The development of common standards for transferring data between systems and applications (for example, XBRL) has helped streamline the process of moving data from the accounting system into tax applications and then electronically to the Revenue authorities. Her Majesty's Revenue & Customs (HMRC) plans to require all UK corporate tax return filings to be completed electronically from March 2010.

As well as changing the way that data is collected and communicated, it is likely to have a dramatic effect on the way that the Government uses the data it receives. HMRC will become far more systematic and analytic in the way it checks the information and decides which taxpayers to audit in relation to what matter. Both Global Backbone and Deloitte's other groundbreaking software package, Abacus, will enable companies to manage their tax risks and compliance in this increasingly complex environment. Abacus is now used by over 65 per cent of FTSE 100 companies, and Sage, the business software provider, repackages and sells Abacus to over 1,200 accounting firms.

This year we launched Abacus VAT, which allows businesses to automate their VAT return procedures, dramatically reducing VAT risk and the time spent compiling the returns.

While the electronic tax landscape will continue to evolve, one thing is certain – Deloitte will be at the forefront when it comes to providing tax management expertise and unique electronic solutions that allow companies to reduce the time and cost burden, and become more efficient.

“The Deloitte tax consulting team worked closely with us to get to know Lloyds TSB. Deloitte consultants created – and delivered to budget and schedule – a new and very effective tax reporting process based on a linking of Deloitte’s Abacus software and our underlying accounting systems. The work was specifically designed to meet the needs of our business for faster and more efficient tax reporting. The Lloyds TSB Tax reporting staff are delighted with the ease of use and functionality of the system. Definitely fit for purpose!”

Andrew Constantine
Head of Tax Compliance, Lloyds TSB Group

Embedding quality

The Deloitte Code

Our values sit at the heart of who we are and are underpinned by a focus on quality and integrity in everything we do. Outlined below are the ethical principles to which we adhere:

Honesty and integrity – We act with honesty and integrity.

- We are straightforward and honest in our professional and business relationships.
- We are truthful about the services we provide, the knowledge we possess, and the experience we have gained.

Professional behaviour – We operate within the letter and the spirit of applicable laws.

- We comply with professional standards and applicable laws and regulations.
- We avoid any action that may discredit our firm or our professions.
- We strive not only to do what is legal, but also what is right.

Competence – We bring appropriate skills and capabilities to every client assignment.

- We understand that the public and our clients expect our work to meet high professional standards.
- We use due care to ensure that client needs are matched with Deloitte personnel who have the competence required for their assignments.

Objectivity – We are objective in forming our professional opinions and the advice we give.

- We do not allow bias, conflict of interest, or undue influence of others to override our professional judgements.
- We address differences of opinion and handle them constructively and professionally.

Confidentiality – We respect the confidentiality of information

- We prohibit disclosure of information to anyone inside or outside our firm without the legal or professional right to know.
- We do not misuse information of our clients, our firm, or our people for personal advantage or for the benefit of third parties.

Fair business practices – We are committed to fair business practices.

- We receive fees that reflect the value of services provided and responsibilities assumed, and are considered fair and reasonable by our clients.
- We respect our competitors and do not compete unfairly.

Responsibility to society – We recognise and respect the impact we have on the world around us.

- We take our role in society seriously and do not cause intentional harm.
- We support contributions to the communities where we operate.

Respect and fair treatment – We treat all our colleagues with respect, courtesy, and fairness.

- We understand the impact that our individual behaviour has on our firm, our colleagues and society, and always work to take responsible action.
- We encourage and value the diverse mix of people, viewpoints, talents and experiences found at Deloitte.
- We are fair in our behaviour and our policies promote equal opportunity for all.

Accountability and decision making – We lead by example, using our shared values as our foundation.

- We recognise that we are role models and that we set behavioural standards for our professions and each other.
- We make decisions based on our shared values and expect our leaders and colleagues to do the same:
 - Integrity
 - Outstanding value to markets and clients
 - Commitment to each other
 - Strength from cultural diversity.

The Deloitte approach is focused on delivering the service that our clients demand in the way that they, and those with external oversight of us, expect. Doing so successfully and efficiently allows us to meet the challenges of increasing regulation, changing and developing standards and ever more complex engagements.

Quality is a fundamental part of everything we do and we have a number of formal and informal mechanisms to reinforce our commitment to the very highest standards throughout our business. In June 2006 we appointed to our Executive Group a Managing Partner for Quality, who is responsible for shaping and co-ordinating all aspects of our approach, including the key aspects set out below.

With our clients as the focal point, our model takes into account our services, our processes and the thousands of dedicated individuals who comprise our team. Building on the rigorous approach to quality which already exists within our firm, our aim is to improve continuously by supporting our ambitions with leadership, infrastructure, communication, consistency and performance management.

Listening to our clients

Our clients demand assurance that the advice and opinions we provide to them are based on technical excellence, objectivity and integrity. Our quality approach is designed to ensure this is what we deliver at all stages of a client engagement.

We apply rigorous client acceptance procedures to ensure that we make appropriate decisions as to which engagements we will take on and which clients we will work for. This provides our clients and regulators with the requisite confidence that we will act objectively and professionally and can protect our clients' confidentiality and interests. We have rigorous processes, systems and tools to ensure we adhere to high quality standards throughout an engagement. These include

a dedicated professional standards team who provide a hot review before any audit or transaction-related opinion is signed off, together with engagement quality assurance reviews and annual practice reviews of completed engagements across all of our service lines.

We take pride in understanding the needs of our clients and strive year on year to improve our ability to meet those needs. Our client service assessment process undertakes independent and formal evaluations of the level of satisfaction of our clients. The latest results once again showed a very high level of satisfaction among our clients for the services they have received. Our professionalism and technical expertise as well as our commitment, knowledge and understanding of our clients were identified by clients as key strengths. Our open and consultative culture is also identified as generating trust.

Our people, our reputation and our values

Our success at delivering quality services is underpinned by the consultative environment in which our people work. It sits at the heart of our recruitment programme, our promotion process, our training and development programmes, and our remuneration structure. Linking our people, their recognition and rewards to quality is integral in achieving our aim of delivering exceptional work.

Our reputation is, in part, a direct result of our values and how we live them. They serve to guide us in providing our clients with technically excellent, innovative and practical solutions to their business issues, whilst remaining independent, objective and professional.

Our shared values are:

- Integrity
- Outstanding value to markets and clients
- Commitment to each other
- Strength from cultural diversity

“The relentless pursuit of the highest quality in our professional work remains one of the cornerstones in our firm’s continuing success. Our focus on quality in everything we do encompasses the values of all our people. We do not take for granted the trust placed in Deloitte by clients and the wider business community, and sustaining this trust rests with every individual – at every level – within our firm.”

John Connolly, Senior Partner

Independence and ethics

Our National Ethics and Compliance Partner works directly with the Senior Partner and the Board to set the strategy and priorities for ethics and compliance and has operational responsibility for managing the Ethics and Compliance Programme. Under his direction, we have successfully implemented an ethics programme for all of our people codifying our existing policies and introducing some enhanced features.

Independence and ethics are a vital business issue for us. We have had systems and procedures in place for many years to help safeguard the objectivity of our people and the firm and to avoid conflicts of interest.

The key parts to the programme include:

- 1 The Deloitte Code** – This practical guide sets out our ethical framework and codifies our ethical principles.
- 2 Learning** – Our online independence and ethics learning programme is undertaken by everyone in our firm, using real-life examples to translate ethical ideas into practical actions.
- 3 Ethics helpline** – All of our people can request information, ask questions or report issues regarding ethical dilemmas confidentially to senior members of the ethics team.

This programme is important as we continue our relentless focus on delivering high quality to our clients in all of our work. Words and concepts are not enough, we are confident that they are demonstrated through the tone set by the leaders of our practice and the behaviour and actions of each of our people.

Risk management and practice protection

Our risk management framework is embedded within each of our service lines. The framework brings a rigorous approach across all of our service offerings in areas such as client and engagement acceptance, evaluation of and responses to engagement risk, and assessment of existing and new service offerings. Its primary purpose is to underpin our commitment to quality, integrity and ethical behaviour in each of our service lines, whilst establishing the responsibility for quality with those who deliver service to our clients. Engagement partners remain fully responsible for the quality of the services they provide. They are supported by a partner in each of the service lines who assumes responsibility for the reporting and oversight of quality and risk management issues and who are senior members of each service line's management team.

Supporting our client-serving professionals, our Practice Protection Group – led by the Managing Partner, Practice Protection, a member of the Deloitte Executive Group – is responsible for the oversight of the firm's ethics, compliance and risk management processes. The group comprises regulatory risk and compliance, risk management, anti money laundering, information security and internal audit specialists, providing an all-round function to support the management of quality and risk.

The Practice Protection Group provides practical support and advice to the client-serving professionals, particularly in connection with clients or engagements which span more than one service line. In addition, it establishes and promulgates firmwide quality, risk management and compliance strategy and policy; manages claims and insurance; and drives compliance with regulatory requirements in relation to all of the firm's business activities, including interaction with regulators.

A key element of the Group's role is the implementation of effective monitoring and reporting processes. These processes are designed to improve our monitoring not just of past performance but to provide indicators of potential emerging issues to enable us to take pre-emptive or corrective action as quickly as possible if the need should arise.

Business risk appraisal

As our business and its environment become ever more complex, regular scanning is needed to identify new and changed risks, and to develop the related mitigating plans and actions. The firm identifies and manages these issues through its Business Risks framework, that focusses on the key risks which could have a material impact on the realisation of our strategy and our ability to serve our clients. These risks are evaluated in the light of their potential impact on our people, our infrastructure and our markets. Each identified risk is owned by a senior partner responsible for co-ordinating mitigating activities and monitoring warning indicators. The firm's Avian Flu Response process illustrates how this framework has allowed us to identify and respond to a changing risk environment and put in place preparations and plans aimed at protecting our people, continuing our business and assisting our clients.

Contributing to public policy

We take seriously our leading position in our profession and believe that with this standing comes an obligation to contribute to the fashioning of the external environment that we operate within both on a domestic and international basis. We direct time and resource to contributing our views on public policy issues and invest in the formulation of opinion setting, leading edge analysis of economic sectors and identifying trends and matters of interest and relevance to both domestic and international scene.

Our people

Our aspiration is to be the number one firm for career and personal development, to be a place where talented people can do their best work, progress quickly and fulfil their potential, whatever their background.

At Deloitte we recognise that our business success goes hand in hand with that of those who work with us. We attract the best people by providing them with rewarding careers working with the most challenging clients and exceptional colleagues.

Our focus has been to recruit the highest calibre people in what remains a highly competitive market and to continue to build an environment where people have unlimited opportunities to achieve their own ambitions.



“We are proud of our achievements in accelerating our peoples’ careers and making Deloitte a great place to work.”

Sharon Fraser, Managing Partner, Talent

People

We have made significant progress with our talent agenda over the last 12 months. Our dedicated talent partner reports to the Executive on a range of people-related measures as we strive to ensure that everyone enjoys the best possible career opportunities, reward and recognition.

Engaging our people is vital to us and we communicate through a number of mechanisms that include our annual People Survey, roadshows and formal feedback processes. Our well-established 'Connections' programme brings together over 200 partners in structured conversations about the firm's strategy with managers and senior managers from outside of their own area of business.

What our people think of us

Each year we conduct a survey of commitment levels and seek feedback from our people about what is important to them. For the second year running commitment levels have increased across all parts of the business and at all grades of staff.

80% of our people participated in our annual People Survey, up from 77% last year and 57% two years ago.

89% of our people strongly believe Deloitte is a client-focused firm (88% in 2005).

For the second year running, 93% of our people would recommend Deloitte to clients.

82% of our people are proud to tell others they are a part of Deloitte, up from 77% in 2005.

Independent recognition

We were recognised in the Sunday Times' best big companies survey where Deloitte was ranked in seventh place. The survey polled 1,000 of our people on a range of issues and the feedback received positioned us in first place in terms of having confidence in the skills of the senior management team, and in second place when it comes to our people believing they have a good pay and benefits package as well as an environment where they can learn and grow.



Deloitte is a great and enjoyable place to be, as well as work.

“The weekend of 8 and 9 April saw 260 people from Deloitte offices across the UK descend on the South Coast for a weekend of sailing on the Solent. The sixth annual Deloitte Sailing Regatta provided a weekend's sailing experience to people throughout the firm – from hearty sea-dogs through to complete novices who had never stepped on a yacht before. The Deloitte skippers and crews met for the first time over drinks on the Friday night, before preparations began for the weekend's racing. After two sunny days on the Solent, every crew member was able to hold their own on a boat. A number of people were then chosen to represent Deloitte at the Industry Sailing Challenge – an event Deloitte has won for the last three years.” Katharine Morton, Business Development Manager

Recruitment

We were also ranked in second place in The Times Top 100 graduate employers up from tenth place two years ago and jumping more places than any other company in the top 10.

This year we have recruited over 1,000 graduates across our four businesses, up 18% on last year, and next year we will recruit over 1,200 graduates making us one of the largest private sector graduate recruiters in the UK. In order to achieve these recruitment goals we call on over 1,000 of our talented professionals to work with our dedicated human resources teams to reach out to a wide range of university campuses across the UK. In total we held 810 different graduate recruitment events during the year including employability skills seminars and our unique 'Taste of Deloitte' events which provide students with a two day insight into what a career with Deloitte entails, including work-shadowing at a client site. We also support the Teach First Scheme where graduates are sponsored to teach in schools ahead of beginning a career at Deloitte.

We are seeing some extremely positive results from this significant recruitment activity with graduate application numbers up 30% for the year on top of a rise of 33% last year and acceptance rates increasing by 9% to 89%.

“Deloitte’s commitment to support university graduates through the Teach First programme in advance of joining their firm is a great boost for schools. This agreement will help attract bright, talented young people into classrooms to educate and inspire secondary school pupils.”

Brett Wigdortz, Chief Executive, Teach First

The screenshot shows the Deloitte Careers website. The header includes the Deloitte logo and navigation links: About Us, Locations, Careers, Services, Industries, Insights & Ideas, Events, Press Room, Analyst Relations, and Contact Us. Below the header is a breadcrumb trail: DTT > Careers > Experienced Hires. The main content area is titled 'Experienced Hires' and features a large image of two people, a man and a woman, standing together. The text on the page includes: 'Does it matter who you are? Or does it matter what you do?' in a handwritten style, followed by 'Experienced Hires' and a paragraph: 'Deloitte member firms offer opportunities throughout the world in Audit, Tax, Consulting and Financial Advisory Services. From the supportive and collaborative culture to the progressive learning and development, you'll experience from day one why Deloitte is a place thousands enjoy working.' Below this is a 'Job Search' section with the text: 'Search and see what opportunities are available at Deloitte member firms. For a more detailed search, select the "Advanced Search" option below. We currently have 6960 vacancies globally.' On the right side, there are several call-to-action boxes: 'View our Open Jobs Search and apply for open positions', 'View our People Profiles See what our People say about working for Deloitte member firms', 'Careers Website scoops Awards ERE and Workforce Magazine recognise Deloitte Careers Site', 'Access Deloitte Careers Newsletter English version only Subscribe Newsletter Archive', and a 'Poll Submit your answer, then' section.

Deloitte's award winning website

In searching for the best people we recognise the need to include minority groups and we support specific events to encourage ethnic minority and female students into careers in business. Our ethnic minority applications remain above the industry average at 42% and applications from female graduates are also improving, with 40% of acceptances coming from female students.

Alongside our intensive graduate recruitment activity, we also recruited 1,200 experienced hires, up 9% on last year, and next year we will recruit 1,300 experienced hires. To help us achieve these ambitious growth targets we relaunched our employee referral scheme 'Talent Scouts', and this year 14% of our experienced hire new recruits were introduced to us through this scheme.

Our investment in technology infrastructure led to Deloitte's global organisation's website receiving an award for the best Corporate Careers Website by the Electronic Recruiting Exchange, which is the largest active community of recruiters and human resources professionals on the internet. The website also won the Optimas Award from the Workforce Management magazine.

Deloitte's graduate recruitment programme has been shortlisted in Personnel Today's Award for Excellence in the Graduate Recruitment category. The results will be announced in November 2006.

“To go from 10th to 2nd place in The Times Top 100 Graduate Employers survey in two years is a significant achievement.”

Sally Hyman, Survey Director,
High Fliers Research Limited



"Throughout my career I have been able to combine work with participation in the Scotland and Great Britain shooting teams, attending major international events and three Commonwealth Games; winning a medal at each one. In preparation for the 2006 Commonwealth Games I benefited from a Career Break from the firm, and took a year's sabbatical to train full time. The ability to take time out from my career and focus fully on my shooting was invaluable to my Gold Medal performance; safe in the knowledge the firm would welcome me back. The whole experience has become a great talking point with my clients!" Susan Jackson, Assistant Director, Corporate Finance

Shaping great careers

On 1 June 2006, we promoted 38 new partners, 12 new principals and 136 new directors. In addition, we hired 23 new partners from outside of the firm during the year and have a further 20 in the pipeline set to join us in the next few months.

We maintain a dialogue across our business so that our people can actively shape their own careers and tell us what is important to them. Our clients are wide-ranging and the depth of skills they require ensures that we are continually able to build the skills of our own teams as well as bring on-board new talent as we see the opportunity.

Career management and counselling skills are critical for our people and we make a significant investment in helping our people to develop these skills. This year we developed a toolkit aimed at equipping our people to have better quality career development conversations and this was distributed to every counsellor in the firm – over 3,000 people. Our career development programme for our trainee accountants which we launched in Spring 2005 has already had a significant impact contributing to a 16% reduction in attrition rates amongst newly qualified accountants. This means that the total cost invested in this programme has been recouped many times over in its first year.

Our diversity agenda continues to remain a priority for us and we are working hard to ensure that all our people have the ability to progress. Positive indicators of our progress include feedback from our People Survey in which 82% of our people said the firm creates an environment that supports people of different cultures, up from 77% last year. This year saw the appointment of our first female partner to the UK firm's Executive and in addition two female partners are members of the board. We continue to invest in work-life fulfilment to enable our staff to balance their busy professional commitments with personal responsibilities. We are supportive of flexible working programmes and believe that the ability to work flexibly will contribute to increasing diversity, retention of outstanding talent and better client service.



Your Successful Career at Deloitte

The 'Your Successful Career at Deloitte' programme began in 2005 and is run for trainee Chartered Accountants. The programme involves a series of events to celebrate successful training milestones including a session to explore career and earnings opportunities within and outside the firm and a course preparing individuals for their first management roles. It culminates with a Summer Ball for all newly qualified accountants.

The programme has been shortlisted for the Personnel Today 2006 Talent Management award. Results will be announced in November 2006.

"This programme made me realise how important it was to consider the future and what I really wanted to do longer term. Thinking that far ahead can be daunting but the programme helped me to do this in a supportive and inspiring way." Matt Cox, Assistant Manager, Audit



"The opportunity to work on the London 2012 Olympic bid was the chance of a lifetime and I'm hugely grateful to the firm for giving me the opportunity to contribute to the bid. I am now continuing the secondment as Finance Director to the London 2012 Organising Committee – it's an awesome challenge." Neil Wood, Audit Partner

Neil received an MBE for his contribution to London's successful bid to host the London 2012 Olympics.

Learning and development

Learning and development is a priority for all our people. Formal development opportunities include secondments to clients and to different parts of the firm, and a wide range of learning programmes designed to develop technical and non-technical skills and to build knowledge in specific industries or functional areas.

We are always looking for innovative ways to provide the best possible learning experiences for our people. An example is the new Deloitte Stirling Consumer Business (CB) Academy which was launched this year.

Our Consumer Business practice has entered into an exciting new partnership with Stirling University, Europe's leading Retail and Consumer focussed business school, to create the Deloitte Stirling CB academy. Starting from March 2006, for the next three years, our most promising CB practitioners will undertake a two year

course to study for an industry acknowledged postgraduate certificate in retail studies. After the two years students can then opt for a third year of study which will lead to a full MBA qualification.

Learning and development remains a priority for our most senior people. This year we have reviewed and redesigned all our partner, principal and director assessment processes to ensure a greater balance between assessment and development. Learning and development opportunities also include a programme with Templeton College Oxford for Lead Client Service Partners to help them develop strong relationships at board level.

We continue to offer opportunities for secondments to Deloitte member firms or to work on projects outside the UK. This helps our people to develop the broader international experience that our increasingly global client base requires.

At the end of the financial year, 159 people from other Deloitte member firms were on secondment in the UK and 150 of our UK staff were on secondment to other Deloitte member firms. Many more of our people participated on project work outside the UK.

Alumni

We have an active alumni network of which we are very proud and we have several channels through which we can communicate with them. Over 15,000 former employees are members of the community and many of our alumni are either returning to Deloitte or are actively referring candidates to us. Our alumni also support us with our in-house career development programmes, speaking to our people about how their time with Deloitte has benefited their own career progression.



"My experience working at Deloitte's US member firm in San Jose gave me a new perspective on understanding clients' issues. I was there for the US busy season preparing and reviewing tax returns, and gained knowledge that I wouldn't have were it not for the secondment programme.

"Deloitte's overseas deployment team helped organise my visa, which can be a complicated process. They also provided accommodation near the office. During my six months in the US I travelled a lot, managing to visit LA, Las Vegas and Yosemite National Park.

"The secondment programme is invaluable and I hope to take up other opportunities." Tessa Curtis, Assistant Manager, Tax

Responsible business

At Deloitte we are taking an increasingly integrated approach to corporate responsibility with our activities and focus aligned to the workplace, marketplace, environment and community.

Each year we seek to enhance the contributions that we make to the wider community to make a positive impact on the world around us.

We believe passionately that the success of our business, our people and our clients will be enhanced through robust governance and operational management, clear management of social and environmental impacts and by playing a leadership role in the wider community.

This year our efforts were once again recognised in the annual Business in the Community corporate responsibility index.

Community



“Helping Deloitte people get involved in the community is a key part of the Community Investment team’s role. It’s hugely rewarding and every year new and innovative activities engage thousands of our people and make a real impact across the community.”

Richard Stone,
Director of Community Investment

Commitment to the communities in which we work is at the heart of our culture at Deloitte. Through an annual survey of our people we know that it is increasingly important that we provide opportunities for them to play an active role in their local communities.

Record levels of commitment

During the past year we have expanded our community investment programme to provide many new projects and challenges. Our overall community contribution totalled £2.78m.

Literally thousands of Deloitte people in offices across the UK have taken part in a wide variety of fundraising events and challenges during the past year. For example, a team of more than 750 of our people entered the JP Morgan summer run in London last July. We celebrated the first year of our highly successful national charity partnership with the British Heart Foundation and Leukaemia Research by raising more than £500,000 through payroll giving and fundraising, more than doubling the original target set at the start of the relationship.



Taking on a challenge

Simon Unter and his specialist Business Intelligence team in Deloitte’s consulting practice raised a total of £5,000 for the British Heart Foundation and Leukaemia Research in their sponsored cross-channel rowing race in June 2005.

Simon Unter: “The firm gave us time off and covered all of our costs. The training programme was punishing, but on board the mutual support was terrific. We found the race immensely challenging, but did far better than we thought we would, finishing in four hours.

“The race got worldwide coverage and I was proud to have been in the Deloitte boat. Taking part showed the firm was really committed. It was an incredibly intense and rewarding experience – and we raised £2,500 for our national partners the British Heart Foundation and Leukaemia Research which was matched by the firm.”



Oliver Grundy, Group Partner Banking & Securities in London, on a recent Community Day in Mile End Park.

New community projects

We continue to innovate in order to keep our community programme fresh and appealing to our people. Last year we introduced seven new volunteering options to add to our highly successful school mentoring and Prince's Trust business mentoring projects. We encourage our people to volunteer in order to help others in the community and we recognise the benefits that volunteering can bring through the development of skills and competencies.

We give our volunteers up to half a day each month in the firm's time for these projects. Our new projects include head teacher partnerships, school governors, number and reading partners, Young Enterprise, Business Dynamics, and Arts and Business initiatives. We aim to increase the number of volunteers on these projects to 400 in the coming year.

Community days

Community days provide an ideal opportunity for teams to work together on a wide variety of indoor and outdoor community and environmental projects. During the past year we have piloted Community Days in London, Birmingham and Nottingham, with up to 150 of our people taking part in a single day working in teams of 15-20. The feedback from our community partners has been extremely positive and our own people have found these days to be highly motivational, in particular highlighting the opportunity to work together in teams to deliver a community benefit. We will be rolling out Community Days across all of our UK offices in the coming year, involving up to 1,500 of our people.



125 Leadership Challenge in South Africa

Real estate specialist Rob Hughes and his team made the finals of the ICAEW's 125 Leadership Challenge which took them to Kwazulu Natal in South Africa to build a school library and carry out survey work on live, 5 foot crocodiles.

Rob Hughes: "We felt like ambassadors for the firm while we were taking part. It was a really positive experience – I'd encourage anybody to get involved in this type of challenge."

Skills4industry

We have continued to develop and grow our award-winning Skills4industry programme which helps young people from disadvantaged communities into employment. New courses in hospitality and administration have been piloted and 12 colleges have been running courses in IT and retail during the past year. More than 450 students have enrolled on Skills4industry employability courses since the first pilot in 2001 and many of those who have completed these courses have impressed their employers with their positive attitude to work, their willingness to learn, and their ability to develop strong relationships within their teams.



Payroll giving

This year we won a Gold award from HM Treasury for our payroll giving scheme. With 2,400 (24%) of our employees enrolled in Give As You Earn we are one of the Top 20 UK employers for payroll giving. The success of our programme has been underpinned by our innovative FLY4CHARITY promotion. In addition to providing matched funding of up to 40% on employee contributions, the firm funds a monthly prize draw for members of the scheme offering two free return air tickets to a choice of 12 worldwide destinations. 35 members of our scheme have won free flights to destinations including Rio, Sydney and Cape Town since the scheme was launched in 2003. Staff donations through Give As You Earn last year totalled £544,000 and we enrolled 731 new members in the scheme.



We continue to innovate in order to keep our community programme fresh and appealing to our people. We encourage our people to volunteer in order to help others in the community, and we recognise the benefits that volunteering can bring through the development of skills and competencies.



Building understanding of the business world

Mo Khan in Deloitte's IT services infrastructure team is teaching a Young Enterprise programme for 9-10 year olds for the second year.

Mo Khan: "It was a bit daunting at first as I'd never done any teaching before, but I really enjoyed the experience and so did the kids – by the last session we were having so much fun we were told to keep the noise down. We covered lots of projects including team work, types of jobs and selling produce.

"My manager was very supportive. He gave me the time off I needed to deliver the sessions and my colleagues have shown a real interest in the scheme. It enabled me to improve my communication and presentation skills and boost my self-confidence as well."

The Deloitte Foundation is providing £2m of funding over the next five years to a major teacher training programme designed to increase the employability skills of some 80,000 young college students.

The Deloitte Foundation

The Deloitte Foundation increased its charitable donations to £1m last year and this has enabled us to provide longterm support to two major charitable projects designed and led by the firm.

We have committed £1.7m over the next six years to our Disability Sport Initiative, delivered in partnership with the British Paralympic Association and the Department of Culture, Media and Sport. Our initiative will transform sporting opportunities for disabled people in two ways. Firstly, by establishing a Disability Sports Institute with the British Paralympic Association, we will create an accessible one-stop online facility for athletes, parents, teachers, carers and coaches, maximising participation in disability sport at both recreational and competitive level. And, secondly, our support for the Talented Athlete Scholarship Scheme could double the number of emerging talented disabled athletes given funding to achieve high performance in their chosen sport. Many of them will go forward to participate in the London 2012 Paralympic Games and other major national and international sporting events.

The Deloitte Foundation is also providing £2m of funding over the next five years to a major teacher training programme designed to increase the employability skills of young college students. Building on the success of Deloitte's Skills4Industry programme, this new initiative will train up to 800 new employability trainers who will deliver employability skills training to some 80,000 students on vocational courses at further education colleges across the UK.

A national qualification in Employability Skills is now available, based on the Skills4Industry courses designed by Deloitte. The new qualification enables colleges to fund the delivery of this innovative form of training and formally accredits the skills acquired by the students. A national qualification for employability trainers is also being developed to ensure a sustainable contribution to the employability of young people across the UK.



A team from Nottingham including office senior partner, Mark Doleman, worked with children and staff at River Leen Secondary School on its annual Environment Day.

"We worked with the children and staff in two teams. The outside group did a tremendous job clearing the leaves and borders, taking out old bushes and replanting shrubs. The team inside painted a mural and made pictures to put up around the walls. Everyone involved really enjoyed it and it certainly improved the look of the school.

"One of the key benefits for us was having people from throughout the office working together side by side and really getting to know each other." Sheila Newbury, assistant manager and community champion, Nottingham and Birmingham offices.

Environment



“We have been building a consistent approach to the environment and strive to make a low environmental impact.”

David Gill, Director
Property & Corporate Services

We recognise our responsibility to minimise the impact of our operations and services on the environment, and we are making real progress as we work to develop a fully integrated approach to environmental management. This year we focused our efforts on improving our recycling, waste management, energy procurement and consumption, and greening our supply chain.

To support this focus we have undertaken an Environmental Risk Assessment, which includes audits of our London buildings (Waste, ISO 14001) and introduced new waste management processes.

Procurement

Over the year our environment manager has worked with our primary procurement teams for staff services, vehicles, IT and electrical equipment, and paper to engage them with environmental issues as they apply to the products and services we purchase.

We have ethical and environmental guidelines for procurement activities and it is our priority to work in partnership with our suppliers to enhance and sustain environmental standards, providing greatest benefit to the firm, our suppliers and the environment.

Energy procurement and conservation

After a competitive tender process we selected a new energy broker and conservation consultant, Inenco. 100% of our purchased energy is now classified as green and we have set a further target of a minimum 10% from ‘dark’ green sources (from wind, solar or other renewable sources).

To address energy consumption and conservation, we have reached agreement with the government’s Carbon Trust to implement its Carbon Management programme. The programme, partly funded by the Carbon Trust, aims to reduce the firm’s carbon related impacts, focusing on office energy, business travel, inherent energy consumption and on conservation in our new London building at New Street Square.

The programme will involve energy surveys of our three main London buildings and two regional buildings. We will review and implement the recommendations in the context of the business needs of the firm. We plan to engage our people in energy conservation programmes. All buildings will be energy rated and compared with government standards.

We will also consider carbon off-setting of any residual carbon impacts with the aim to make the firm carbon neutral.

Waste and recycling

We have appointed new contractors to remove our office waste, ensuring as much as possible is re-used or recycled. A new office waste recycling programme and a staff awareness campaign have been trialled and are planned to be launched in all London offices and regional locations. The new processes will help us monitor waste data for each building more accurately, set quantitative targets, target high impact areas and give clearer ownership to our people.



Our campus

The environment manager has worked with a team to agree new environmental initiatives and guidelines for our New Street Square buildings and London campus. The guidelines are still under review but our aim is to create a low environmental impact building in both construction and operation, setting high standards and enhancing the firm’s reputation.

The campus refurbishment plan is a staggered process as each building will be refurbished individually, starting with our Hill House building in September 2006. Agreed environmental initiatives will be introduced as each building is either refurbished or constructed.

Other initiatives

We now provide Fairtrade coffee in client hospitality and meeting rooms. An agreement has been set up with the charity, Fairshare to donate excess restaurant food to the homeless and needy. Deloitte drinking water bottles are now provided in client hospitality and meeting rooms, with the water purified on site and served in re-usable bottles.

Leadership and governance

Deloitte's leadership is taken from our partner group. Client service responsibilities are a key element of almost all our partners' roles and it is through their commitment to quality and integrity in leading client service teams, which help deliver excellence to our clients.



Executive Group

Deloitte's activities are managed by the Senior Partner and the Executive Group, which is appointed by the Senior Partner. In keeping with our client service focus, every member of the Executive Group is also actively engaged with our clients.

The members of the Executive Group are:

John Connolly Senior Partner and Chief Executive, **Stuart Counsell**, Deputy to the Chief Executive, **Steve Almond**, Managing Director, Global, **Aidan Birkett**, Managing Director, Corporate Finance, **Martin Eadon**, Managing Director, Clients & Industries, **Vince Niblett**, Managing Director, Audit, **David Owen**, Managing Director, Consulting, **David Sproul**, Managing Director, Tax, **Richard Buck**, Managing Partner, Brand & Business Development, **Cahal Dowds**, Managing Partner, Regions, **Sharon Fraser**, Managing Partner, Talent, **John Kerr**, Managing Partner, Innovation, **Gerry Paisley**, Managing Partner, Practice Protection, **Richard Punt**, Managing Partner, Strategy & Planning, **Vassi Naidoo**, Managing Partner, Quality, **Bob Warburton**, Managing Partner, Finance & Legal.

Senior Partner and Chief Executive

John Connolly, the Senior Partner and Chief Executive, has full executive authority for the management of Deloitte. The Senior Partner is nominated by the Board of Partners and elected by the partners for four-year terms of office. John Connolly will begin his third term as Senior Partner on 1 June 2007. The responsibilities of the Senior Partner fall under five principal headings:

- the business of Deloitte, including the development and management of professional services at the highest level of quality, and compliance with all regulations;
- the development of policies and strategic direction;
- financial performance;
- partners, including the development and management of our talent goals;
- international, representing the UK firm on the Board and Executive Committee of Deloitte Touche Tohmatsu.

Executive Group and Board of Partners

Left to right: Richard Buck, Vassi Naidoo, Gerry Paisley, John Connolly, Heather Hancock, Ian Steele, Penny Avis, Bruce Gordon, David Owen, Martin Eadon, Stuart Counsell, John Kerr, Stephen Ward, Martin Scicluna, Vince Niblett, Steve Almond, Stephen Griggs, Gerry Murphy, Richard Punt, Aidan Birkett, Tony McClenaghan, David Cruickshank, Lionel Young, Sharon Fraser, Cahal Dowds, David Sproul, Bob Warburton, Sabri Challah.

**Board of partners**

The Board of partners is responsible for the promotion and protection of partner interests and for the oversight of management. It approves Deloitte's longterm strategies and has specific oversight of risk. The Board is composed of the Chairman, the Senior Partner, both of whom are elected by the partners, a further ten elected partners, five Executive Group partners proposed by the Senior Partner and affirmed by the partners and up to two co-opted members.

The current Board comprises:

Martin Scicluna	Chairman
John Connolly	Senior Partner and Chief Executive
David Cruickshank	Co-opted member

Elected members:

Penny Avis, Sabri Challah, Bruce Gordon, Stephen Griggs, Heather Hancock, Tony McClenaghan, Gerry Murphy, Ian Steele, Stephen Ward, Lionel Young

Executive Group members:

Steve Almond, Martin Eadon, Vince Niblett, David Owen, David Sproul

Corporate governance

The Board's oversight of management and the operation of the audit, remuneration and nomination committees ensures that Deloitte adheres to the highest levels of internal corporate governance and risk management oversight.

Audit Committee

The Audit Committee takes responsibility for monitoring all reporting, accounting, financial and control aspects of the executive management's activities. It reviews the provision of non-audit services by external auditors to ensure they do not impinge on the auditors' independence in undertaking the statutory audit. It receives reports from our internal audit team and our external auditors, reports to each meeting of the Board and is a fundamental part of our risk management process.

The Audit Committee reviews the policies and overall process for identifying and assessing business risks and managing their impact on Deloitte, and liaises closely with the external auditors regarding the results of the audit. It receives regular assurance reports from management and others on the operational effectiveness of matters related to risk and control and monitors the timeliness and effectiveness of corrective action taken by management.

Remuneration Committee

The Remuneration Committee monitors the objectives and reviews the performance of the Chairman and Senior Partner and makes recommendations to the Board on profit share.

Nomination Committee

The Nomination Committee produces a candidate list for elections to the Board to achieve the representation and diversity required.

Internal audit

Deloitte's internal audit team is a key element of the continuous review of the effectiveness of our system of internal control. Reporting to the Managing Partner for Practice Protection, the internal audit team is a combination of permanent staff and client-serving secondees from our internal audit service line. The team reviews both financial and non-financial processes and works closely with our external auditors, reporting on a formal basis to the Audit Committee.

Global organisation

Deloitte & Touche LLP is the UK member firm of Deloitte Touche Tohmatsu (DTT), an organisation of 70 member firms with 135,000 people in nearly 150 countries.

DTT member firms provide a comprehensive range of services through the four functional areas of audit, tax, consulting and corporate finance, assisting clients and other stakeholders in addressing the full spectrum of global, local, regulatory and business issues across the world.

Underpinning DTT member firms' client service is a focus on shared values and ethical principles and a commitment to strive to set the highest professional standards.

DTT member firms are owned locally and managed by their respective national management and governance bodies but retain membership in a global organisation. This structure allows the global organisation to establish policies and DTT member firms tailor these policies into quality assurance processes that comply with local regulatory, legislative and professional requirements. DTT does not provide client services.

DTT member firms are focused on being the first choice for the most talented people, who are drawn by the organisation's eminence, diversity and culture. Retaining the best people and providing them with opportunities to grow and develop are important to the longterm sustainability of the DTT organisation.

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Tel: +44 (0) 20 7936 3000 Fax: +44 (0) 20 7583 1198.

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