

Report & financial statements

| | |
|---|----|
| Report to the partners | 38 |
| Independent auditors' report | 42 |
| Consolidated income statement | 44 |
| Consolidated statement of recognised income and expense | 45 |
| Consolidated balance sheet | 46 |
| Consolidated cash flow statement | 48 |
| Notes to the Financial Statements | 49 |

Report to the partners

The Board presents its report to the members ('partners') and the audited financial statements of Deloitte & Touche LLP for the year ended 31 May 2006.

The members of Deloitte & Touche LLP are known and referred to by both clients and staff as 'partners'. Throughout the financial statements references to partners should be taken as referring to members, as defined by the Limited Liability Partnerships Regulations.

Principal activity

The principal activity of Deloitte & Touche LLP is the provision of audit, tax, consulting and corporate finance services in the UK. In addition, consulting services are provided in other European countries through a number of corporate entities, details of which are set out on page 90.

Group structure

These financial statements are the statutory accounts for Deloitte & Touche LLP and reflect the results for the year to 31 May 2006. The financial statements consolidate the accounts of Deloitte & Touche LLP and all its subsidiary undertakings (the 'group'), drawn up to 31 May each year.

Designated members

The partners who were the designated members during the year were:

J P Connolly – Senior Partner and Chief Executive

M J A Eadon

S Almond

A G Paisley

D Sproul

R W Warburton

All the designated members served as partners of the Deloitte & Touche LLP Executive Group, the most senior management committee, throughout the year.

Report to the partners

Financial overview

Revenue grew by 15.0% in the year to £1,559.4m resulting in a 9.1% growth in profit before tax to £460.9m.

The analysis of revenue and profit by service line is as follows:

| | Revenue | | Profit before taxation | |
|-------------------|----------------|----------------|------------------------|--------------|
| | 2006 | 2005 | 2006 | 2005 |
| | £m | £m | £m | £m |
| Audit | 487.2 | 415.7 | 134.1 | 117.8 |
| Tax | 425.5 | 386.4 | 137.8 | 132.5 |
| Consulting | 381.2 | 312.4 | 87.3 | 78.8 |
| Corporate Finance | 265.5 | 241.0 | 101.7 | 93.4 |
| | 1,559.4 | 1,355.5 | 460.9 | 422.5 |

Profit before allocations to partners and retired partners grew by 8.7% to £489.2m. The average profit share of partners was £765,000, an increase of 7.6% over the previous year.

Staff costs at £553m were 15.6% higher reflecting our continued investment in our people. The average headcount during the year was 9.5% higher than the previous year and we now have over 10,000 partners and members of staff working across the firm.

Assets and liabilities

Total assets increased by 10.7% to £800.8m and total partners' interests by 42.3% to £145.9m

Provisions include the net present value for annuities payable to both retired and current partners of £488.6m which are conditional on the future generation of profits within the group.

Cashflow

Profit after interest, tax and working capital movements, generated a positive operating cashflow for the year of £434.6m.

The main treasury risks relate to interest, liquidity and currency. The primary currency is sterling but certain expenses and charges from overseas offices are denominated in other currencies and some fees are rendered in other currencies. The volume and timing of currency inflows and outflows provide a natural hedge and Deloitte & Touche LLP does not undertake formal hedging transactions. Complex financial instruments are not used and speculative activity is not undertaken.

Finance and capital structure

At the balance sheet date partners' interests at £145.9m amounts to £243,000 per partner compared to £173,000 per partner for the previous year. Fixed capital amounts to £114.2m or £190,000 per partner. The balance of undistributed profit will, in accordance with our current distribution policy, be released to partners in the 12 month period following the year end.

The balance of Deloitte's funding is provided by bank facilities. We continue to maintain a significant level of committed undrawn facilities to enable us to respond rapidly to opportunities and to fund initiatives without the need for specific financing.

Report to the partners

Partners' drawings and the subscription and repayment of partners' capital

All partners are equity partners and share in the profits and subscribe the entire capital of Deloitte & Touche LLP. Each partner's capital subscription is linked to his or her share of profit and is repaid in full on ceasing to be a partner. The rate of capital subscription is determined from time to time depending upon the financing requirements of the business.

Partners draw a proportion of their profit share in twelve monthly instalments during the year in which the profit is made, with the balance of their profits on account, net of a tax retention, paid in instalments in the subsequent year. All payments are made subject to the cash requirements of the business. Tax retentions are paid to HM Revenue and Customs on behalf of partners with any excess being released to partners as appropriate.

Partners' profit sharing

Partners share profits based upon a comprehensive evaluation of their individual contribution to the achievement of the group's strategic objectives.

Partners are assigned to a role level, reviewed annually, which describes the attributes, skills and broad performance expected of them. Each role level carries a wide band of profit sharing units so that relative contributions can be recognised. Partners at all role levels are expected to be ambassadors for Deloitte & Touche LLP externally and leaders by example to all of our staff in everything they do. Certain attributes transcend all role levels. These are:

- unassailable integrity;
- quality service to our clients;
- the highest levels of technical excellence;
- development of people;
- compliance with the group's policies and standards and external regulatory requirements; and
- high quality management of risk.

Partners who provide audit services are expected to be responsive to their clients' service needs, but they are not evaluated or remunerated on the selling of other services to their audit clients.

Partner performance is evaluated in all designated competencies, beginning with the Board's approval of the profit sharing strategy proposed by the Senior Partner and concluding with the Board's review of the recommended profit allocation and role level going forward for each individual partner, the conclusions of which are disclosed in full to all partners. A committee of partners is tasked with overseeing the management process to ensure consistent and equitable treatment.

Report to the partners

Creditor payment policy

Deloitte & Touche LLP's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

Trade creditors of the group at 31 May 2006 were equivalent to 21 days' (2005: 20 days') purchases, based on the average daily amount invoiced by suppliers during the year.

Going concern

The Board considers that the financial resources available to Deloitte & Touche LLP are adequate to meet its operational needs for the foreseeable future. Consequently, the going concern basis has been adopted in preparing these financial statements.

Statement of partners' responsibilities in respect of the financial statements

The Limited Liability Partnerships (LLP) Regulations 2001, as amended by The Limited Liability Partnerships (Amendment) Regulations 2005, made under the Limited Liability Partnerships Act 2000 require the partners to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Deloitte & Touche LLP and of the group and of the profit or loss of the group for the year. In preparing these financial statements, the partners are required to:

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

The Regulations extend the application, on a voluntary basis, of the EU International Financial Reporting Standards (IFRS) Regulation to individual and consolidated financial statements of Limited Liability Partnerships. The Board has elected to prepare the financial statements of the group in accordance with International Financial Reporting Standards (IFRS).

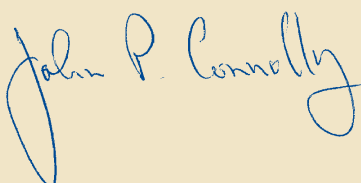
Under the LLP Regulations, the partners are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the group and which enable them to ensure that the financial statements comply with those regulations. The partners have a general responsibility for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The responsibilities are exercised by the Board on behalf of the partners.

Auditors

Grant Thornton UK LLP will be proposed for reappointment.

Approved by the Board and
signed on behalf of the Board



John Connolly

Senior Partner and Chief Executive
4 August 2006

Independent auditors' report to the partners of Deloitte & Touche LLP

We have audited the group financial statements ("the financial statements") of Deloitte & Touche LLP for the year ended 31 May 2006 which comprise the significant accounting policies, the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of recognised income and expense and Notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Deloitte & Touche LLP for the year ended 31 May 2006.

This report is made solely to the partners, as a body, in accordance with Section 235 of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. Our audit work has been undertaken so that we might state to the partners those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the partnership and the partners as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the partners and auditors

The partners' responsibilities for preparing the Annual report and the group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of partners' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. We also report to you if, in our opinion, Deloitte & Touche LLP has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding partners' remuneration and transactions with the partnership is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises pages 1 to 36. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

Independent auditors' report to the partners of Deloitte & Touche LLP (continued)

Opinion

In our opinion the group financial statements:

- give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 May 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001.

A handwritten signature in blue ink that reads "Grant Thornton UK LLP". The signature is written in a cursive, flowing style.

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants

London

4 August 2006

The maintenance and integrity of the Deloitte & Touche LLP website is the responsibility of the partners: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Consolidated income statement

Year ended 31 May 2006

| | Note | 2006 £m | 2005 £m |
|---|------|--------------|--------------|
| Revenue | | 1,559.4 | 1,355.5 |
| Operating expenses | | | |
| Expenses and disbursements on client assignments | | (236.0) | (182.1) |
| Employee benefits | 5 | (553.4) | (478.7) |
| Depreciation and amortisation | | (34.4) | (28.0) |
| Other operating expenses | | (259.5) | (220.8) |
| Profit from operations | | 476.1 | 445.9 |
| Investment income | 6 | 4.9 | 5.0 |
| Finance cost | 6 | (20.1) | (28.4) |
| Profit before tax | 4 | 460.9 | 422.5 |
| Tax | 7 | (2.7) | (1.7) |
| Profit for the year before partners' profit shares | | 458.2 | 420.8 |
| Provision for partner pensions in relation to current partners | | (57.6) | (55.6) |
| Profit available for discretionary division amongst partners | 17 | 400.6 | 365.2 |

Analysis of profit available for distribution to partners and retired partners

| | | |
|---|--------------|--------------|
| Profit available for discretionary division amongst partners | 400.6 | 365.2 |
| Provision for partner pensions in relation to current partners | 57.6 | 55.6 |
| Retired partner annuity cost | 31.0 | 29.2 |
| Total profit before partner and retired partner allocation | 489.2 | 450.0 |

Consolidated statement of recognised income and expense

Year ended 31 May 2006

| | Note | 2006 £m | 2005 £m |
|--|------|--------------|---------------|
| Actuarial gains / (losses) on defined benefit pension schemes | | 11.0 | (46.7) |
| Net income / (expense) recognised directly in equity | | 11.0 | (46.7) |
| Profit for the financial year | | 400.6 | 365.2 |
| Total recognised income and expense for the period attributable to partners | | 411.6 | 318.5 |

Consolidated balance sheet

Year ended 31 May 2006

| | Note | 2006 £m | 2006 £m | 2005 £m | 2005 £m |
|-------------------------------------|------|------------|--------------|------------|--------------|
| Assets | | | | | |
| Non-current assets | | | | | |
| Intangible assets | 9 | 15.0 | | 15.7 | |
| Property, plant and equipment | 10 | 128.8 | | 133.0 | |
| Financial assets | 11 | 69.7 | | 64.9 | |
| | | | 213.5 | | 213.6 |
| Current assets | | | | | |
| Client and other receivables | 12 | 576.9 | | 483.4 | |
| Cash and cash equivalents | 20 | 10.4 | | 26.4 | |
| | | | 587.3 | | 509.8 |
| Total assets | | | 800.8 | | 723.4 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 13 | 175.4 | | 161.0 | |
| Current tax liabilities | | 0.4 | | 1.1 | |
| Partner capital | 17 | 114.2 | | 110.6 | |
| Provisions | 15 | 28.2 | | 32.4 | |
| Bank overdraft | 14 | 21.5 | | - | |
| | | | 339.7 | | 305.1 |
| Non-current liabilities | | | | | |
| Retirement benefit obligation | 23 | 166.9 | | 182.2 | |
| Deferred tax liabilities | 16 | 1.3 | | 0.8 | |
| Provisions | 15 | 504.9 | | 437.3 | |
| | | | 673.1 | | 620.3 |
| Equity | | | | | |
| Partners' other reserves | 17 | | (212.0) | | (202.0) |
| Total liabilities and equity | | | 800.8 | | 723.4 |

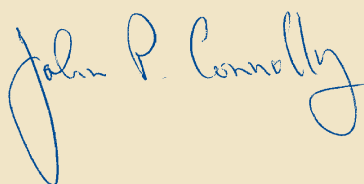
Consolidated balance sheet continued

Year ended 31 May 2006

| Partners' interests | | 2006 | 2005 |
|---|-------------|--------------|--------------|
| | Note | £m | £m |
| The following balances relating to partners are included in the group balance sheet: | | | |
| Current assets – amounts due from partners | 17 | (14.6) | (18.7) |
| Current liabilities – partner capital | 17 | 114.2 | 110.6 |
| Non-current liabilities – provision for current partner annuities | 17 | 258.3 | 212.6 |
| Equity – other reserves | 17 | (212.0) | (202.0) |
| Total partners' interests | | 145.9 | 102.5 |

These financial statements on pages 44 to 80 were approved by the Board on 4 August 2006.

Signed on behalf of the Board,



John Connolly
Senior Partner and Chief Executive Officer



Bob Warburton
Managing Partner, Finance & Legal

Consolidated cash flow statement

Year ended 31 May 2006

| | Note | 2006 £m | 2005 £m |
|---|------|---------------|---------------|
| Net cash from operating activities | 20 | 434.6 | 445.2 |
| Investing activities | | | |
| Interest received | | 4.9 | 5.0 |
| Proceeds on disposal of investments | | 10.0 | 0.1 |
| Disposal of business | | 3.8 | 2.0 |
| Purchase of subsidiary | | (2.0) | - |
| Purchase of business | | (0.6) | - |
| Proceeds on disposal of property, plant and equipment | | 7.3 | 6.3 |
| Purchase of IT software and development costs | | (1.5) | (6.1) |
| Purchase of property, plant and equipment | | (35.9) | (34.0) |
| Purchase of investments | | (0.1) | (6.1) |
| Net cash used in investing activities | | (14.1) | (32.8) |
| Financing activities | | | |
| Repayments of loans | | - | 0.7 |
| New loans | | (17.8) | (1.7) |
| Payments to and on behalf of partners | | (417.5) | (332.0) |
| Retirement benefits paid to former partners | | (21.6) | (19.6) |
| Repayment of capital to former partners | | (10.2) | (8.1) |
| Partners' capital introduced | | 13.8 | 10.5 |
| Interest paid | | (4.7) | (2.8) |
| Increase / (decrease) in bank overdrafts | | 21.5 | (76.4) |
| Net cash used in financing activities | | (436.5) | (429.4) |
| Net decrease in cash and cash equivalents | | (16.0) | (17.0) |
| Cash and cash equivalents at beginning of year | | 26.4 | 43.4 |
| Cash and cash equivalents at end of year | | 10.4 | 26.4 |

Notes to the Financial Statements

Year ended 31 May 2006

1. General Information

The group's principal operations are in the United Kingdom and accordingly these financial statements are presented in pounds sterling. Foreign operations are included in accordance with the policies set out in the following notes.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 7 Financial Instruments: Disclosures; and the related amendment to IAS 1 on capital disclosures.
IAS 39 Amendment to IAS 39: The Fair Value Option

The adoption of these Standards and Interpretations in future periods is not expected to have a material impact on the financial statements of the group.

The group is applying amendment to IFRS 4: Financial Guarantee Contracts.

The group falls outside of those entities required to comply with IAS 14: Segment Reporting. No voluntary disclosures have been made within the financial statements.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) for the first time. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRSs are given in Note 26. The financial statements have also been prepared in accordance with IFRSs adopted for use in the European Union.

IFRS 1 sets out the requirements for the first time adoption of IFRSs. Generally, IFRS 1 requires accounting policies to be adopted that are compliant with IFRSs and that these policies be applied retrospectively to all periods presented. The group has not elected to take any of the permitted exemptions and those relating to IFRS 3, Business Combinations and IAS 21, Effects of Foreign Exchange Movement are not material to the group. Estimates required under IFRSs that were also required under UK GAAP as at 1 June 2004 and 31 May 2005 have not been revised. In addition, where estimates were not required under UK GAAP, they have been based on information known at the time, and not on subsequent events.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets. The principal accounting policies adopted are set out below:

Notes to the Financial Statements

Year ended 31 May 2006

2. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Deloitte & Touche LLP and entities controlled by Deloitte & Touche LLP (its subsidiaries) made up to 31 May each year. Control is achieved where Deloitte & Touche LLP has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given and liabilities incurred or assumed by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the consolidated income statement and is not subsequently reversed.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the Financial Statements

Year ended 31 May 2006

2. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment loss. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over the estimated useful economic lives as follows:

| | |
|------------------------|-----------------|
| Leasehold improvements | Period of lease |
| Fixtures and fittings | 5-10 years |
| Computer equipment | 3-5 years |
| Motor vehicles | 4 years |

Internally generated intangible assets

An internally generated intangible asset is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives. The direct cost of staff in the development of computer systems for the group has been capitalised and is being amortised on a straight-line basis over a period of 10 years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Notes to the Financial Statements

Year ended 31 May 2006

2. Significant accounting policies (continued)

Revenue recognition

Revenue represents amounts chargeable to clients for professional services provided during the year including recoverable expenses on client assignments but excluding Value Added Tax.

Services provided to clients, which at the balance sheet date have not been billed to clients, have been recognised as revenue. Revenue recognised in this manner is based on an assessment of the fair value of the services provided at the balance sheet date as a proportion of the total value of the engagement. Revenue is only recognised where the group has a contractual right to receive consideration for work undertaken.

Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Investments

Investments are initially recognised and subsequently measured at fair value. The quoted fixed interest corporate bonds and government stock are held by the captive insurer, Peterborough Insurance PCC Limited, and changes in market value, reflecting fair value, are reflected in the income statement.

Loans are accounted for at cost less provision for any impairment.

Amounts to be billed to clients

Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of the group. Unbilled revenue is included in trade and other receivables.

Client debtors

Client debtors are measured at initial recognition at fair value, and are subsequently measured at amortised cost less appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, on demand deposits and other short-term highly liquid investments.

Notes to the Financial Statements

Year ended 31 May 2006

2. Significant accounting policies (continued)

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at fair value on initial recognition. Finance charges are accounted for on an accrual basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

Partners' interests and current and non-current debts due to and from partners

Partners subscribe capital to the firm in proportion to their equity interest in the firm. Partners' capital may only be withdrawn when a partner retires from the LLP. Because partners may retire from the partnership with less than one years notice, partner capital has been classified as a current liability.

Partners' non-current liabilities represent provisions for the pension annuities of current partners. The provision relates to annuities payable, under the Partner Pension Plan, which commence when the partner reaches the age of 60. The annuities are unfunded and are dependent upon the future generation of profits. The provision has been discounted to present value.

Drawings by partners on account of profits have been classified as partners' current assets within partners' interests.

Taxation

The taxation payable on profits of the Limited Liability Partnership is the personal liability of the partners. A retention from profit distributions is made to fund the taxation payments on behalf of partners.

The tax expense represents the sum of the current and deferred tax relating to the corporate subsidiaries.

The current tax expense is based on taxable profits of the companies dealt with in these consolidated financial statements. Taxable profit excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the Financial Statements

Year ended 31 May 2006

2. Significant accounting policies (continued)

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the income statement.

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of Deloitte & Touche LLP, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

The assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term or to the first break clause where applicable.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the partners' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. The increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate is charged to the income statement as a finance cost.

Notes to the Financial Statements

Year ended 31 May 2006

2. Significant accounting policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the statement of recognised income and expense.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets.

3. Critical accounting judgements and key sources of estimation

Retirement benefit obligation

The pension liability in respect of the defined benefit scheme has been independently valued by Hewitt Bacon & Woodrow Limited based on information provided by the group in terms of the pensionable pay and contributions to the scheme. The assumptions set out in Note 23 are based on the best estimates available. The group will continue to review these assumptions, against the group's experience and market data, and adjustments will be made in future periods where appropriate.

Provision for partner annuities

The provision for annuities for both retired and current partners has been independently valued by Hewitt Bacon & Woodrow Limited based on information provided by the group in terms of future profitability and partner attrition. This data is based on the experience within the group over the last four years. In addition the assumptions set out in Note 15 are based on the best estimates available. The group will continue to review these assumptions, against the group's experience and market data, and adjustments will be made in future periods where appropriate.

Notes to the Financial Statements

Year ended 31 May 2006

4. Profit before tax

Profit before tax has been arrived at after charging/(crediting):

| | 2006 | 2005 |
|--|-------------|-------------|
| | £m | £m |
| Operating lease payments | | |
| – land and buildings | 44.7 | 40.4 |
| – other | 1.3 | 1.4 |
| Depreciation of property, plant and equipment | 32.2 | 28.0 |
| Amortisation of internally generated intangible assets | 2.2 | - |
| Loss on sale of property, plant and equipment | 0.8 | 1.3 |
| Net foreign exchange (gain)/loss | (1.2) | 1.7 |
| Loss/(gain) on sale of investments | 0.1 | (0.9) |
| Auditors' remuneration: audit fees – Grant Thornton UK LLP | 0.3 | 0.2 |
| | <hr/> | <hr/> |

A more detailed breakdown of auditors' remuneration is provided below:

| | 2006 | 2005 |
|--|-------------|-------------|
| | £m | £m |
| Audit services | | |
| Statutory audit | 0.2 | 0.1 |
| Further assurance services – other services | | |
| Audit of subsidiaries | 0.1 | 0.1 |
| | <hr/> | <hr/> |
| | 0.3 | 0.2 |
| | <hr/> | <hr/> |

The auditors received fees of £171,000 (2005: £145,000) for the audit of the LLP and the group accounts and fees of £85,000 (2005: £79,000) for the audit of the subsidiaries.

Notes to the Financial Statements

Year ended 31 May 2006

5. Employee benefits

Employees

The average number of people employed by the group during the year (excluding partners) was:

| | 2006 | 2005 |
|-----------------------|--------------|--------------|
| | No. | No. |
| Client-serving staff: | | |
| Audit | 3,115 | 2,722 |
| Tax | 1,946 | 1,838 |
| Consulting | 1,666 | 1,466 |
| Corporate Finance | 802 | 714 |
| | <hr/> | <hr/> |
| | 7,529 | 6,740 |
| Support staff | 1,858 | 1,827 |
| | <hr/> | <hr/> |
| | 9,387 | 8,567 |
| | <hr/> | <hr/> |

Staff costs incurred during the year in respect of these employees were:

| | 2006 | 2005 |
|-----------------------|--------------|--------------|
| | £m | £m |
| Salaries | 475.5 | 412.4 |
| Social security costs | 51.1 | 43.6 |
| Other pension costs | 26.8 | 22.7 |
| | <hr/> | <hr/> |
| | 553.4 | 478.7 |
| | <hr/> | <hr/> |

A salary sacrifice scheme is in place for employees who are members of the pension schemes. The effect of this has been to decrease salaries by £8.7m (2005: £8.2m) and increase other pension costs by £8.7m (2005: £8.2m).

Notes to the Financial Statements

Year ended 31 May 2006

6. Investment income/(Finance costs)

| | 2006 £m | 2005 £m |
|--|---------------|---------------|
| Investment income | | |
| Interest receivable | 4.9 | 5.0 |
| Finance costs | | |
| Interest payable on bank loans and overdrafts | (4.7) | (2.8) |
| Other interest payable and unwinding of discount on provisions | (15.4) | (25.6) |
| | (20.1) | (28.4) |

7. Taxation

The taxation charge, which arises in the corporate entities included within these financial statements, is:

| | 2006 £m | 2005 £m |
|--------------|------------|------------|
| Current tax | 2.2 | 1.6 |
| Deferred tax | 0.5 | 0.1 |
| | 2.7 | 1.7 |

Corporation tax is calculated at 30% (2005: 30%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit per the corporate entities as follows:

| | 2006 £m | 2006 % | 2005 £m | 2005 % |
|---|--------------------|-------------------|--------------------|-------------------|
| Profit before tax | 460.9 | | 422.5 | |
| LLP profit not subject to corporation tax | (454.7) | | (417.2) | |
| Profit chargeable to corporation tax | 6.2 | 100.0 | 5.3 | 100.0 |
| | 2006 £m | 2006 % | 2005 £m | 2005 % |
| Tax at the UK corporation tax rate of 30% (2005: 30%) | 1.9 | 30.5 | 1.6 | 30.0 |
| Tax effect of expenses that are not deductible in determining taxable profit | 0.4 | 6.5 | 0.2 | 3.9 |
| Other items | 0.4 | 6.5 | (0.1) | (1.8) |
| Tax expense and effective tax rates | 2.7 | 43.5 | 1.7 | 32.1 |

Notes to the Financial Statements

Year ended 31 May 2006

8. Partners' share of profits

Profits are shared among the partners after the end of the year in accordance with agreed profit sharing arrangements.

The average profit per partner is calculated by dividing the profit for the year before partners' profit shares, by the average number of partners.

| | 2006 | 2005 |
|----------------------------|-------------|-------------|
| | No. | No. |
| Average number of partners | 599 | 592 |
| | £'000 | £'000 |
| Average profit per partner | 765 | 711 |

The share of profit that has been allocated since the year end to the Senior Partner, who was the partner with the largest entitlement to profits in 2006, was £4,166,400 (2005: £3,632,600).

Remuneration of key management personnel

The share of profit allocated to the partners who were members of the group's Executive Group during the year amounted to £27.9m (2005: £24.3m). This includes the profit share of the Senior Partner.

Notes to the Financial Statements

Year ended 31 May 2006

9. Intangible assets

| | IT Software | Goodwill | Total |
|------------------------|--------------------|-----------------|--------------|
| | £m | £m | £m |
| Cost | | | |
| At 1 June 2004 | 9.6 | - | 9.6 |
| Additions | 6.1 | - | 6.1 |
| | <hr/> | <hr/> | <hr/> |
| At 1 June 2005 | 15.7 | - | 15.7 |
| Additions | 1.5 | 0.4 | 1.9 |
| Impairment review | - | (0.4) | (0.4) |
| | <hr/> | <hr/> | <hr/> |
| At 31 May 2006 | 17.2 | - | 17.2 |
| | <hr/> | <hr/> | <hr/> |
| Amortisation | | | |
| At 1 June 2004 | - | - | - |
| Charge for the year | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| At 1 June 2005 | - | - | - |
| Charge for the year | 2.2 | - | 2.2 |
| | <hr/> | <hr/> | <hr/> |
| At 31 May 2006 | 2.2 | - | 2.2 |
| | <hr/> | <hr/> | <hr/> |
| Carrying amount | | | |
| At 31 May 2006 | 15.0 | - | 15.0 |
| | <hr/> | <hr/> | <hr/> |
| At 31 May 2005 | 15.7 | - | 15.7 |
| | <hr/> | <hr/> | <hr/> |

The balance of IT software at 31 May 2005 related to expenditure incurred on the development of the group's computer systems. Amortisation of this balance commenced on 1 June 2005 when the new systems went live.

The internally generated intangible asset included in IT software had a carrying value at 31 May 2006 of £5.7m (2005: £6.3m).

Goodwill recognised and impaired in the year arises from an acquisition which is explained in Note 21.

Notes to the Financial Statements

Year ended 31 May 2006

10. Property, plant and equipment

| | Leasehold improvements | Computer equipment | Fixtures and fittings | Motor vehicles | Total |
|------------------------|---------------------------|-----------------------|--------------------------|-------------------|--------------|
| | £m | £m | £m | £m | £m |
| Cost | | | | | |
| At 1 June 2004 | 89.3 | 46.1 | 39.6 | 42.0 | 217.0 |
| Additions | 11.0 | 11.4 | 0.1 | 11.5 | 34.0 |
| Disposals | (1.1) | (9.8) | (1.9) | (11.7) | (24.5) |
| At 1 June 2005 | 99.2 | 47.7 | 37.8 | 41.8 | 226.5 |
| Additions | 9.8 | 11.3 | 2.1 | 12.7 | 35.9 |
| Acquisitions | - | 0.2 | - | - | 0.2 |
| Disposals | (0.2) | (2.0) | (0.4) | (14.8) | (17.4) |
| At 31 May 2006 | 108.8 | 57.2 | 39.5 | 39.7 | 245.2 |
| Depreciation | | | | | |
| At 1 June 2004 | 22.4 | 28.6 | 17.2 | 14.2 | 82.4 |
| Charge for the year | 9.7 | 9.5 | 2.8 | 6.0 | 28.0 |
| Disposals | (0.9) | (9.2) | (1.6) | (5.2) | (16.9) |
| At 1 June 2005 | 31.2 | 28.9 | 18.4 | 15.0 | 93.5 |
| Charge for the year | 12.9 | 9.3 | 4.0 | 6.0 | 32.2 |
| Disposals | - | (1.8) | (0.3) | (7.2) | (9.3) |
| At 31 May 2006 | 44.1 | 36.4 | 22.1 | 13.8 | 116.4 |
| Carrying amount | | | | | |
| At 31 May 2006 | 64.7 | 20.8 | 17.4 | 25.9 | 128.8 |
| At 31 May 2005 | 68.0 | 18.8 | 19.4 | 26.8 | 133.0 |

Notes to the Financial Statements

Year ended 31 May 2006

11. Financial assets

| | Investments | Loans | Total |
|----------------------------|--------------------|--------------|--------------|
| | £m | £m | £m |
| Valuation | | | |
| At 1 June 2004 | 49.6 | 10.9 | 60.5 |
| Additions | 6.1 | 1.7 | 7.8 |
| Revaluation of investments | 1.4 | - | 1.4 |
| Disposals | (0.2) | (0.7) | (0.9) |
| | <hr/> | <hr/> | <hr/> |
| At 1 June 2005 | 56.9 | 11.9 | 68.8 |
| Additions | 0.1 | 17.8 | 17.9 |
| Revaluation of investments | (0.7) | - | (0.7) |
| Disposals | (10.1) | - | (10.1) |
| | <hr/> | <hr/> | <hr/> |
| At 31 May 2006 | 46.2 | 29.7 | 75.9 |
| | <hr/> | <hr/> | <hr/> |
| Provision | | | |
| At 1 June 2004 | 2.6 | 1.3 | 3.9 |
| Provided in the year | 0.1 | - | 0.1 |
| Disposals | (0.1) | - | (0.1) |
| | <hr/> | <hr/> | <hr/> |
| At 1 June 2005 | 2.6 | 1.3 | 3.9 |
| Provided in the year | 1.0 | 1.4 | 2.4 |
| Disposals | (0.1) | - | (0.1) |
| | <hr/> | <hr/> | <hr/> |
| At 31 May 2006 | 3.5 | 2.7 | 6.2 |
| | <hr/> | <hr/> | <hr/> |
| Carrying amount | | | |
| At 31 May 2006 | 42.7 | 27.0 | 69.7 |
| | <hr/> | <hr/> | <hr/> |
| At 31 May 2005 | 54.3 | 10.6 | 64.9 |
| | <hr/> | <hr/> | <hr/> |

Investments include quoted fixed interest corporate bonds and government stock, which are stated at market value amounting to £41.7m (2005: £52.3m) and unquoted investments totalling £1.0m (2005: £2.0m) which are stated at cost less provision for diminution in value. These investments are classified as held for trading and are measured at fair value through the income statement.

Loans represent long-term loans to Deloitte Touche Tohmatsu (DTT) which are payable between 5 to 15 years. Interest is charged at commercial rates which are between 3.5% and 6.2%.

Notes to the Financial Statements

Year ended 31 May 2006

12. Client and other receivables

| | 2006 | 2005 |
|---|--------------|--------------|
| | £m | £m |
| Amounts to be billed to clients | 186.1 | 85.5 |
| Client receivables | 307.8 | 314.7 |
| Amounts due from other member firms of the DTT organisation | 34.5 | 34.7 |
| Amounts due from partners | 14.6 | 18.7 |
| Other debtors | 18.5 | 17.7 |
| Prepayments and accrued income | 15.4 | 12.1 |
| | 576.9 | 483.4 |

Credit risk

The group's credit risk is primarily attributable to its client receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The group has no significant concentration of credit risk, with exposure spread over a large number of clients.

13. Trade and other payables

| | 2006 | 2005 |
|---|--------------|--------------|
| | £m | £m |
| Trade payables | 22.4 | 17.7 |
| Amounts due to other member firms of the DTT organisation | 25.1 | 15.6 |
| Social security and other taxes | 41.8 | 42.2 |
| Other creditors | 6.3 | 8.3 |
| Accruals and deferred income | 79.8 | 77.2 |
| | 175.4 | 161.0 |

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 21 days.

Notes to the Financial Statements

Year ended 31 May 2006

14. Bank overdrafts

| | 2006 £m | 2005 £m |
|-----------------|-------------------|-------------------|
| Bank overdrafts | 21.5 | - |

The borrowings are all repayable within one year and were all denominated in sterling.

The weighted average interest rates paid were as follows:

| | 2006 % | 2005 % |
|-----------------|------------------|------------------|
| Bank overdrafts | 5.25 | 5.25 |

At 31 May 2006, the group had available £283.5 million (2005: £270 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Notes to the Financial Statements

Year ended 31 May 2006

15. Provisions

| | Surplus property £m | Retired partner annuities £m | Current partner annuities £m | Professional liability claims £m | Total £m |
|--|---------------------------|---------------------------------------|---------------------------------------|---|-------------------|
| At 1 June 2005 | 35.0 | 209.0 | 212.6 | 13.1 | 469.7 |
| Additional provision in the year | 14.7 | 17.5 | 40.8 | 4.4 | 77.4 |
| Transfer | - | 11.9 | (11.9) | - | - |
| Utilisation of provision | (10.8) | (21.6) | - | (5.6) | (38.0) |
| Released unused | (6.8) | - | - | (1.1) | (7.9) |
| Unwinding of discount | 1.6 | 10.9 | 11.0 | - | 23.5 |
| Adjustment for change in discount rate | - | 2.6 | 5.8 | - | 8.4 |
| Net movement in provision | (1.3) | 21.3 | 45.7 | (2.3) | 63.4 |
| At 31 May 2006 | 33.7 | 230.3 | 258.3 | 10.8 | 533.1 |
| | | | | 2006 £m | 2005 £m |
| Included in current liabilities | | | | 28.2 | 32.4 |
| Included in non-current liabilities | | | | 504.9 | 437.3 |
| | | | | 533.1 | 469.7 |

Surplus property

The surplus property provision is provided to cover the expected losses on sublet and vacant properties where expected revenues are less than cost. The provision has been professionally assessed by DTZ Debenham Tie Leung. The provision has been estimated using current costs and has been discounted to present value at a rate of 6% (2005: 6%).

Notes to the Financial Statements

Year ended 31 May 2006

15. Provisions (continued)

Retired and current partner annuities

Annuities payable to retired and current partners are unfunded and are conditional upon the future generation of profits.

The provision for retired and current partners' annuities has been professionally assessed by Hewitt Bacon & Woodrow Limited and is the present value of the future obligation of the group to provide retirement annuities to partners.

The principal actuarial assumptions which have been used in calculating the liabilities, after the application of mortality rates, are as follows:

| | 2006 | 2005 |
|-----------------|-------------|-------------|
| | % p.a. | % p.a. |
| Discount rate | 5.1 | 5.2 |
| Price inflation | 3.0 | 2.7 |

The discount rate of 5.1% (2005: 5.2%) is based on the yield on the over 15 years AA rated Corporate Bond Index.

Professional liability claims

The provision for professional liability claims represents the group's best estimate of the potential liability arising from claims that have been notified to the group. The estimate is based on past experience and professional advice.

16. Deferred taxation

Deferred taxation provided for in the financial statements is set out below.

| | Accelerated capital allowances |
|------------------|---|
| | £m |
| At 1 June 2005 | 0.8 |
| Charge to income | 0.5 |
| At 31 May 2006 | 1.3 |

Deferred taxation is recognised on a full provision basis, without discounting, on all temporary differences in the corporate entities included within these financial statements.

Notes to the Financial Statements

Year ended 31 May 2006

17. Partners' interests

| | Partners' capital – current liability £m | Amounts due from partners £m | Provision for current partner annuities £m | Partners' equity – other reserves £m | Total £m |
|---|---|---------------------------------|---|---|--------------|
| Partners' interests at 1 June 2004 | 108.2 | (37.5) | 177.3 | (169.7) | 78.3 |
| Profit for the financial year available for division amongst partners | - | - | - | 365.2 | 365.2 |
| Allocated profits | - | 350.8 | - | (350.8) | - |
| Pension scheme actuarial loss | - | - | - | (46.7) | (46.7) |
| Movement in provision | - | - | 35.3 | - | 35.3 |
| Drawings and distributions | - | (332.0) | - | - | (332.0) |
| Capital: | | | | | |
| Introduced | 10.5 | - | - | - | 10.5 |
| Repaid | (8.1) | - | - | - | (8.1) |
| Partners' interests at 1 June 2005 | 110.6 | (18.7) | 212.6 | (202.0) | 102.5 |
| Profit for the financial year available for division amongst partners | - | - | - | 400.6 | 400.6 |
| Allocated profits | - | 421.6 | - | (421.6) | - |
| Pension scheme actuarial gain | - | - | - | 11.0 | 11.0 |
| Movement in provision | - | - | 45.7 | - | 45.7 |
| Drawings and distributions | - | (417.5) | - | - | (417.5) |
| Capital: | | | | | |
| Introduced | 13.8 | - | - | - | 13.8 |
| Repaid | (10.2) | - | - | - | (10.2) |
| Partners' interests at 31 May 2006 | 114.2 | (14.6) | 258.3 | (212.0) | 145.9 |

Deloitte & Touche LLP's profits are divided based on units issued to partners. The unit allocation is completed after the year end and accordingly, there was no automatic division of profits among the partners and only certain fixed shares of profit had been allocated as at 31 May 2006. As a result, the balance of profit available for division among the partners as at 31 May 2006 is included in other reserves.

The provision for current partner pension annuities is included in Provisions in the balance sheet. These annuities are unfunded and are conditional on the future generation of profits and are capped in each year at 8% of the applicable group profit. The provision for current partner pension annuities has been professionally assessed by Hewitt Bacon & Woodrow Limited and is the present value of the future obligation of the group to provide retirement annuities to current partners. The principal actuarial assumptions are set out in Note 15.

Partners' other reserves rank after unsecured creditors, and loans and other debts due to partners rank pari passu with unsecured creditors in the event of a winding up. The amount of capital that each partner is required to subscribe is determined by Deloitte & Touche LLP's Board and under the Partners' Agreement of Deloitte & Touche LLP a partner can only withdraw capital when he or she ceases to be a partner.

Notes to the Financial Statements

Year ended 31 May 2006

18. Leasing commitments

At 31 May 2006, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | Land and buildings 2006 | Other 2006 | Land and buildings 2005 | Other 2005 |
|--------------------------------|--|-----------------------|--|-----------------------|
| | £m | £m | £m | £m |
| Operating leases which expire: | | | | |
| Within one year | 54.6 | 1.2 | 54.7 | 1.2 |
| Within two to five years | 210.4 | 1.4 | 214.0 | 1.0 |
| In more than five years | 443.8 | - | 492.4 | - |
| | 708.8 | 2.6 | 761.1 | 2.2 |

19. Capital commitments

| | 2006 | 2005 |
|---|-------------|-------------|
| | £m | £m |
| Contracted for but not provided in the financial statements | 13.8 | 4.3 |
| Authorised but not yet contracted for | 74.0 | 29.3 |

Notes to the Financial Statements

Year ended 31 May 2006

20. Notes to the cashflow statement

| | 2006 | 2005 |
|--|--------------|--------------|
| | £m | £m |
| Profit from operations | 476.1 | 445.9 |
| Adjustments for: | | |
| Impairment of goodwill | 0.4 | - |
| Amortisation for intangible assets | 2.2 | - |
| Depreciation of property, plant and equipment | 32.2 | 28.0 |
| Decrease/(increase) in fair value of investments | 3.1 | (1.3) |
| Loss on disposal of property, plant and equipment | 0.8 | 1.3 |
| Profit on disposal of business | (3.7) | - |
| Profit on disposal of subsidiary | - | (0.9) |
| Increase/(decrease) in provisions | 12.3 | (4.0) |
| Decrease in net pension liability | (4.6) | (7.7) |
| | <hr/> | <hr/> |
| Operating cash flows before movements in working capital | 518.8 | 461.3 |
| Increase in receivables | (92.6) | (24.3) |
| Increase in payables | 11.3 | 9.7 |
| | <hr/> | <hr/> |
| Cash generated by operations | 437.5 | 446.7 |
| Corporation taxes paid | (2.9) | (1.5) |
| | <hr/> | <hr/> |
| Net cash from operating activities | 434.6 | 445.2 |
| | <hr/> | <hr/> |
| | 2006 | 2005 |
| | £m | £m |
| Cash and cash equivalents comprise: | | |
| Cash at bank | 10.4 | 26.4 |
| | <hr/> | <hr/> |

Notes to the Financial Statements

Year ended 31 May 2006

21. Acquisitions and disposals

Acquisitions

Subsidiary

On 1 December 2005 the group acquired 100% of the issued share capital of Deloitte Consulting GmbH for cash consideration of £2.0m. This transaction has been accounted for by the purchase method of accounting. Three partners and seventy seven staff have joined the firm as part of the transaction.

Business

On 1 August 2005 the group acquired the strategy consultancy business previously undertaken by Burlington Consultants Limited ('Burlington') for a cash consideration of £0.6m. This transaction has been accounted for by the purchase method of accounting. Three partners and thirty members of staff have joined the firm as part of the transaction.

A summary of assets acquired as part of these acquisitions is set out below:

| | Book value £m | Fair value adjustments £m | Fair value £m |
|---------------------------------|------------------|---------------------------------|------------------|
| Net assets acquired | | | |
| Goodwill | 0.1 | (0.1) | - |
| Plant property and equipment | 0.2 | - | 0.2 |
| Amounts to be billed to clients | 1.0 | - | 1.0 |
| Client receivables | 2.4 | - | 2.4 |
| Prepayments and accrued income | 0.3 | (0.1) | 0.2 |
| Cash and cash equivalents | 1.5 | - | 1.5 |
| Trade and other payables | (3.0) | - | (3.0) |
| Current tax liabilities | (0.1) | - | (0.1) |
| | 2.4 | (0.2) | 2.2 |
| Goodwill | | | 0.4 |
| Total cash consideration | | | 2.6 |

Deloitte Consulting GmbH and Burlington contributed revenue of £7.7m for the period between the date of acquisition and the balance sheet date.

During the period since acquisition an impairment review of the goodwill arising on these acquisitions has been undertaken and £0.4m has been impaired. The fair value of goodwill at 31 May 2006 is £nil.

If the acquisition of Deloitte Consulting GmbH and the Burlington business had been completed on the first day of the financial year, group revenues for the period would have been £1,565.3m.

Disposals

On 31 October 2005 the group entered into a sale agreement to dispose of the Prophet software business, which operated in the group's consulting division, for a consideration in cash of £3.8m. The business contributed £0.3m to the profit of the group for the year ended 31 May 2005 and a profit of £0.1m in the year ended 31 May 2006.

Notes to the Financial Statements

Year ended 31 May 2006

22. Contingent liabilities

The group has:

- guaranteed the performance of Liberata plc, a former subsidiary of Deloitte & Touche General Partnership, under certain of its contracts. The maximum amount payable under the guarantee is approximately £50m (2005: £50m) and the contracts expire on various dates between 1 January 2007 and 31 March 2008. The group has the benefit of a counter indemnity for the full amount of these liabilities from those partners and former partners in Deloitte & Touche General Partnership who are also minority shareholders in Liberata plc;
- entered into a several guarantee to guarantee a proportion of certain liabilities of Deloitte Touche Tohmatsu. At 31 May 2006 the contingent liability under this guarantee amounted to \$95m (2005: \$126.1m).

At 31 May 2006 the group had guaranteed a performance bond of £5.0m given by Barclays, to the Deloitte & Touche Pension Fund. The performance bond expired on 22 June 2006.

23. Retirement benefit schemes

Defined contribution schemes

The group operates two defined contribution schemes for all employees aged 30 and over. The assets of the schemes are held partly within the Money Purchase Section (MPS) of the Deloitte & Touche UK Pension Scheme (D&TUKPS) an open scheme and partly in the Deloitte & Touche Retirement Plan (D&TRP), a closed scheme. The group also operates a stakeholder arrangement which is available for all employees. A number of smaller closed pension schemes, were also in operation during the year.

A salary sacrifice arrangement exists for each of the above schemes such that the employer contributions are increased to include what would otherwise be the members' contribution.

The total cost charged as an expense of £13.3m (2005: £10.3m) represents contributions payable to these schemes by the group. As at 31 May 2006, contributions of £0.9m (2005: £0.5m) relating to May payroll deductions had not been paid over to the schemes but were paid in early June 2006 in accordance with the scheme rules.

Notes to the Financial Statements

Year ended 31 May 2006

23. Retirement benefit schemes (continued)

Defined benefit schemes

The defined benefit sections of D&TUKPS are closed to new members. Under the scheme, employees are entitled to retirement benefits of up to 66% of final salary on attainment of a retirement age of 65. No other post retirement benefits are provided. The scheme is a funded scheme.

The scheme assets are stated at their market value as at 31 May 2006. The scheme liabilities have been updated from the most recent actuarial valuation by an independent qualified actuary to assess the liabilities as at 31 May 2006. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

| | Valuation at | |
|-----------------------------------|--------------|------|
| | 2006 | 2005 |
| | % | % |
| Key assumptions used: | | |
| Discount rate | 5.1 | 5.2 |
| Inflation | 3.0 | 2.7 |
| Expected rate of salary increases | 4.5 | 4.2 |
| Future pension increases | 2.9 | 2.7 |

The post retirement mortality assumptions used are based on the standard published tables PA92. These were then adjusted to allow for future improvements in life expectancy including the published short cohort improvement factors. On this basis the life expectancy assumed for a male pensioner aged 60 as at 31 May 2006 was 26 years and for a female was 28 years.

Amounts recognised in income in respect of these defined benefit schemes are as follows:

| | 2006 | 2005 |
|----------------------------------|-------------|-------------|
| | £m | £m |
| Current service cost | 13.5 | 12.3 |
| Interest cost | 24.5 | 22.3 |
| Expected return on scheme assets | (24.2) | (21.5) |
| Past service cost | - | 0.1 |
| | 13.8 | 13.2 |

Of the charge for the year, £13.5 million (2005: £12.3 million) has been included in operating costs and £0.3 million (2005: £0.9 million) has been included in finance costs. Actuarial gains and losses have been reported in the statement of recognised income and expense.

The actual return on scheme assets was as follows:

| | 2006 | 2005 |
|----------------------------------|-------------|-------------|
| | £m | £m |
| Expected return on scheme assets | 24.2 | 21.5 |
| Actuarial gains on scheme assets | 31.9 | 13.5 |
| | 56.1 | 35.0 |

Notes to the Financial Statements

Year ended 31 May 2006

23. Retirement benefit schemes (continued)

The analysis of the amounts recognised in the statement of recognised income and expense are as follows:

| | 2006 £m | 2005 £m |
|---|-------------------|-------------------|
| Actuarial gains on scheme assets | 31.9 | 13.5 |
| Actuarial losses on scheme liabilities | (20.9) | (60.2) |
| Total actuarial gains and (losses) | 11.0 | (46.7) |
| Cumulative amount losses recognised in the statement of recognised income and expense | (35.7) | (46.7) |

The amount included in the balance sheet arising from the group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

| | 2006 £m | 2005 £m |
|---|-------------------|-------------------|
| Present value of defined benefit obligations | (519.2) | (469.8) |
| Fair value of scheme assets | 352.3 | 287.6 |
| Deficit in scheme and liability recognised in the balance sheet | (166.9) | (182.2) |

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

| | 2006 £m | 2005 £m |
|--|-------------------|-------------------|
| At 1 June 2005 | 287.6 | 238.8 |
| Expected return on scheme assets | 24.2 | 21.5 |
| Actuarial gains | 31.9 | 13.5 |
| Contributions from the sponsor employers | 18.1 | 20.1 |
| Contributions from scheme members | 0.4 | 0.4 |
| Benefits paid | (9.9) | (6.7) |
| At 31 May 2006 | 352.3 | 287.6 |

Notes to the Financial Statements

Year ended 31 May 2006

23. Retirement benefit schemes (continued)

The analysis of the scheme assets and the expected rate of return at the balance sheet date was as follows:

| | Expected return | | Fair value of assets | |
|--------------------|-----------------|------------|----------------------|--------------|
| | 2006 % | 2005 % | 2006 £m | 2005 £m |
| Equity instruments | 8.4 | 8.4 | 343.4 | 275.3 |
| Other | 8.4 | 8.4 | 8.9 | 12.3 |
| | 8.4 | 8.4 | 352.3 | 287.6 |

The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return on each asset class.

The expected return on assets is determined using current and projected economic and market factors and after taking actuarial advice.

| | 2006 £m | 2005 £m |
|--|----------------|----------------|
| Present value of defined benefit obligations | (519.2) | (469.8) |
| Fair value of scheme assets | 352.3 | 287.6 |
| Deficit in the scheme | (166.9) | (182.2) |
| Experience adjustments on scheme liabilities | | |
| Amount (£) | 7.6 | (3.1) |
| Percentage of scheme liabilities (%) | 1.5 | (0.7) |
| Experience adjustments on scheme assets | | |
| Amount (£) | 31.9 | 13.5 |
| Percentage of scheme assets (%) | 9.1 | 4.7 |

The estimated amounts of contributions expected to be paid to the scheme during the current financial year is £22.9 million. This includes contributions for future accrual and contributions towards eliminating the deficit.

Notes to the Financial Statements

Year ended 31 May 2006

24. Financial instruments

Deloitte & Touche LLP's policy is to prudently manage the funds or borrowings of the group, and not to speculate in money market or foreign exchange dealings.

Interest rate risk

The financial assets comprise cash deposits of £10.4m (2005: £26.4m) and fixed asset investments of £69.7m (2005: £64.9m). The group's borrowings and any surplus cash balances are held at variable rates linked to LIBOR. The fixed asset investments earn interest at fixed rates of interest.

The financial liabilities comprise sterling bank loans and overdrafts of £21.5m (2005: £nil) all at floating rates of interest.

Liquidity risk

Financial risk is managed by ensuring sufficient liquidity is available to meet foreseeable needs.

During the year, borrowing facilities of £305.0m were negotiated with two leading international banks. These facilities are due to expire between 28 February 2007 and 31 March 2007 and renewal of the facilities, based on forecast requirements, will be renegotiated with expected renewal at satisfactory levels.

Foreign currency risk

The group's income and expenditure is primarily in sterling. However, some fees and costs are denominated in foreign currencies, as are the transactions of the European subsidiaries and transactions with Deloitte Touche Tohmatsu member firms.

The group does not hedge or enter into forward or derivative transactions and is exposed to translation and transaction foreign currency exchange risk.

The group had the following net foreign currency denominated monetary assets and liabilities.

| | 2006 | 2005 |
|-------------|-------------------|-------------------|
| | £m | £m |
| US Dollar | 31.5 | 33.7 |
| Euro | 7.1 | 1.5 |
| Swiss Franc | 0.9 | 0.2 |
| | <hr/> 39.5 | <hr/> 35.4 |

Notes to the Financial Statements

Year ended 31 May 2006

24. Financial instruments (continued)

Fair value of financial assets and financial liabilities

Set out below is a comparison of fair values and book values of all the group's financial instruments by category.

Fair values for financial assets denominated in US dollars have been calculated at year end exchange rates and have been determined on the basis of quoted market prices. For all the other items below, fair value is equal to book value owing to the short maturity of these instruments.

| | 2006 | 2006 | 2005 | 2005 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Book value | Fair value | Book value | Fair value |
| | £m | £m | £m | £m |
| Cash at bank and in hand | 10.4 | 10.4 | 26.4 | 26.4 |
| Bank overdraft | 21.5 | 21.5 | - | - |
| Financial assets | 69.7 | 69.7 | 64.9 | 64.9 |
| Amounts to be billed to clients | 186.1 | 186.1 | 85.5 | 85.5 |
| Client debtors | 307.8 | 307.8 | 314.7 | 314.7 |
| Trade payables | 22.4 | 22.4 | 17.7 | 17.7 |
| Partners' current debt | 14.6 | 14.6 | 18.7 | 18.7 |

All financial assets and liabilities are receivable and repayable on demand or within one year except the following loans which are included within the financial assets:

| | 2006 | 2005 |
|--------------------|-------------------|-------------------|
| | Fair value | Fair value |
| | £m | £m |
| In the second year | 3.9 | - |
| In the third year | 8.7 | 3.8 |
| In the fourth year | 9.0 | 0.5 |
| In the fifth year | 0.9 | 0.9 |
| After five years | 4.6 | 5.4 |

25. Related party transactions

Transactions between Deloitte & Touche LLP and its subsidiaries, which are related parties, have been eliminated on consolidation.

Members of the Executive Group are recognised as the group's key management personnel and their remuneration is regarded as a related party transaction. Disclosure of the Executive Group's profit share is set out in Note 8.

Notes to the Financial Statements

Year ended 31 May 2006

26. Explanation of transition to IFRSs

This is the first year that the group has presented its consolidated financial statements under IFRSs. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were for the year ended 31 May 2005 and the date of transition to IFRSs was therefore 1 June 2004.

IAS 38 – Intangible assets

IAS 38 requires computer software costs, including development costs, to be classified as intangible assets. The group has recognised under IAS 38 the direct cost of staff in the development of the firm's new computer systems. Previously under UK GAAP the costs had been expensed. At 31 May 2005 development costs of £6.3m (1 June 2004: £2.9m) had been incurred which have now been capitalised under IFRSs.

During the year ended 31 May 2005 £3.4m was expensed which under IFRSs has now been capitalised.

IAS 17 – Operating lease incentives

Under IFRSs, lease incentives should be spread over the period of the lease or until the first break option. Under UK GAAP the lease incentives had been spread over the period to the first rent review.

At 31 May 2005 a provision of £11.9m (2004: £13.4m) is required resulting in an additional charge in the year of £1.5m.

IAS 19 – Post employment benefits and holiday pay provision

Under IAS 19, the group is required to account for the net liability or asset in respect of defined benefit pension schemes. The impact of this policy is to recognise the net liability of £142.4m at 1 June 2004 and £182.2m at 31 May 2005.

The liability previously created under SSAP 24 of £37.4m (2004: £33.5m) has been reversed. The total adjustment to trade and other payables of £35.9m (2004: £32.2) includes the holiday pay provision referred to below.

The group has recognised the actuarial gains and losses of the schemes in the statement of recognised income and expense. The impact of the policy on profit before tax for the year ended 31 May 2005 is an increase of £10.6m, with a £0.8m charge to finance costs and a £11.4m credit to employee benefits.

Under IFRSs provision is required for unutilised holiday entitlement which would be payable to the employee on leaving the firm. At 31 May 2005 the provision required was £1.5m (2004: £1.3m) with a charge in the year of £0.2m reflecting the overall increase in salary levels on the previous year.

IAS 32 and 37 – Partner annuities

Under IAS 32 and 37, the group is required to recognise the liabilities which may be payable to the partners under the various partner pension arrangements. Previously under UK GAAP provision had been made in respect of annuities payable to retired partners from the firm. An adjustment has been made to include liabilities in respect of annuities which have accrued to current partners. This adjustment would have been required under UK GAAP for the year ended 31 May 2006 under Financial Reporting Standard 25, Financial Instruments.

At 31 May 2005 the adjustment to the provision was £220.2m (2004: £190.0m). There was no charge to the profit and loss account under UK GAAP as this was accounted for through the statement of recognised gains and losses. Under IFRSs the increase in the provision is shown as 'partners' remuneration charged as an expense'. The increase in the financial costs as a result of the discounting of the provision in the year ended 31 May 2005 is £8.5m.

Notes to the Financial Statements

Year ended 31 May 2006

26. Explanation of transition to IFRSs (continued)

Reconciliation of equity at 1 June 2004 (date of transition to IFRSs)

| | Previously reported under UK GAAP £m | IAS 38 Intangible assets £m | IAS 17 Lease incentives £m | IAS 19 Pension liability and holiday pay provision £m | IAS 32 & 37 Partner annuities £m | Restated under IFRSs £m |
|--------------------------------------|---|--------------------------------------|-------------------------------------|--|---|----------------------------------|
| Assets | | | | | | |
| Non-current assets | | | | | | |
| Intangible assets | 6.7 | 2.9 | | | | 9.6 |
| Property, plant and equipment | 134.6 | - | - | - | - | 134.6 |
| Financial assets | 56.6 | - | - | - | - | 56.6 |
| | <u>197.9</u> | <u>2.9</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>200.8</u> |
| Current assets | | | | | | |
| Client debtors and other receivables | 479.6 | - | - | - | - | 479.6 |
| Cash and cash equivalents | 43.4 | - | - | - | - | 43.4 |
| | <u>523.0</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>523.0</u> |
| Total assets | <u>720.9</u> | <u>2.9</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>723.8</u> |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Bank overdraft | 76.4 | - | - | - | - | 76.4 |
| Trade and other payables | 170.7 | - | 13.4 | (32.2) | - | 151.9 |
| Partners' capital | 108.2 | - | - | - | - | 108.2 |
| Current tax liability | 1.0 | - | - | - | - | 1.0 |
| | <u>356.3</u> | <u>-</u> | <u>13.4</u> | <u>(32.2)</u> | <u>-</u> | <u>337.5</u> |
| Non-current liabilities | | | | | | |
| Referred tax liability | 0.7 | - | - | - | - | 0.7 |
| Retirement benefit obligation | - | - | - | 142.4 | - | 142.4 |
| Provisions | 222.9 | - | - | - | 190.0 | 412.9 |
| | <u>223.6</u> | <u>-</u> | <u>-</u> | <u>142.4</u> | <u>190.0</u> | <u>556.0</u> |
| Equity | | | | | | |
| Partners' other reserves | 141.0 | 2.9 | (13.4) | (110.2) | (190.0) | (169.7) |
| Total liabilities and equity | <u>720.9</u> | <u>2.9</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>723.8</u> |

Notes to the Financial Statements

Year ended 31 May 2006

26. Explanation of transition to IFRSs (continued)

Reconciliation of equity at 31 May 2005 (date of last UK GAAP financial statements)

| | Previously reported under UK GAAP £m | IAS 38 Intangible assets £m | IAS 17 Lease incentives £m | IAS 19 Pension liability and holiday pay provision £m | IAS 32 & 37 Partner annuities £m | Restated under IFRSs £m |
|--------------------------------------|---|--------------------------------------|-------------------------------------|--|---|----------------------------------|
| Assets | | | | | | |
| Non-current assets | | | | | | |
| Intangible assets | 9.4 | 6.3 | - | - | - | 15.7 |
| Property, plant and equipment | 133.0 | - | - | - | - | 133.0 |
| Financial assets | 64.9 | - | - | - | - | 64.9 |
| | <u>207.3</u> | <u>6.3</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>213.6</u> |
| Current assets | | | | | | |
| Client debtors and other receivables | 483.4 | - | - | - | - | 483.4 |
| Cash and cash equivalents | 26.4 | - | - | - | - | 26.4 |
| | <u>509.8</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>509.8</u> |
| Total assets | <u>717.1</u> | <u>6.3</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>723.4</u> |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Trade and other payables | 185.0 | - | 11.9 | (35.9) | - | 161.0 |
| Partners' capital | 110.6 | - | - | - | - | 110.6 |
| Current tax liability | 1.1 | - | - | - | - | 1.1 |
| | <u>296.7</u> | <u>-</u> | <u>11.9</u> | <u>(35.9)</u> | <u>-</u> | <u>272.7</u> |
| Non-current liabilities | | | | | | |
| Referred tax liability | 0.8 | - | - | - | - | 0.8 |
| Retirement benefit obligation | - | - | - | 182.2 | - | 182.2 |
| Provisions | 249.5 | - | - | - | 220.2 | 469.7 |
| | <u>250.3</u> | <u>-</u> | <u>-</u> | <u>182.2</u> | <u>220.2</u> | <u>652.7</u> |
| Equity | | | | | | |
| Partners' other reserves | 170.1 | 6.3 | (11.9) | (146.3) | (220.2) | (202.0) |
| Total liabilities and equity | <u>717.1</u> | <u>6.3</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>723.4</u> |

Notes to the Financial Statements

Year ended 31 May 2006

26. Explanation of transition to IFRSs (continued)

Reconciliation of profit for year ended 31 May 2005

| | Previously reported under UK GAAP £m | IAS 38 Asset recognised £m | IAS 17 Lease incentives £m | IAS 19 Pension liability and holiday pay provision £m | IAS 32 & 37 Partner annuities £m | Restated under IFRSs £m |
|---|---|-------------------------------------|-------------------------------------|--|---|----------------------------------|
| Revenue | 1,355.5 | - | - | - | - | 1,355.5 |
| Expenses and disbursements on client assignments | (182.1) | - | - | - | - | (182.1) |
| Employee benefits | (490.1) | - | - | 11.4 | - | (478.7) |
| Depreciation and amortisation | (28.0) | - | - | - | - | (28.0) |
| Other operating expenses | (224.2) | 3.4 | (1.5) | - | 1.5 | (220.8) |
| Profit from operations | 431.1 | 3.4 | (1.5) | 11.4 | 1.5 | 445.9 |
| Investment income/Finance costs | (14.1) | - | - | (0.8) | (8.5) | (23.4) |
| Profit before tax | 417.0 | 3.4 | (1.5) | 10.6 | (7.0) | 422.5 |
| Tax | (1.7) | - | - | - | - | (1.7) |
| Profit for the year before partners' profit shares | 415.3 | 3.4 | (1.5) | 10.6 | (7.0) | 420.8 |
| Provision for partner pensions in relation to current partners | - | - | - | - | (55.6) | (55.6) |
| Profit available for discretionary division amongst partners | 415.3 | 3.4 | (1.5) | 10.6 | (62.6) | 365.2 |

Explanation of material adjustments to the cash flow statement for 2005

No restated IFRSs cash flow has been presented as there is no difference between the net cash flow presented under IFRSs and the net cash flow presented under the previous UK GAAP.

Report and financial statements

| | |
|--|----|
| Statement of partners' responsibilities in relation to the financial statements | 82 |
| Independent auditors' report | 83 |
| Balance sheet | 85 |
| Notes to the Financial Statements | 86 |

Statement of partners' responsibilities in relation to the financial statements

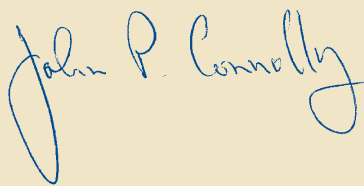
The Limited Liability Partnerships (LLP) Regulations 2001, as amended by The Limited Liability Partnerships (Amendment) Regulations 2005, made under the Limited Liability Partnerships Act 2000 require the partners to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Deloitte & Touche ('LLP'). In preparing these financial statements, the partners are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements in accordance with applicable United Kingdom Generally Accepted Accounting Practice; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Deloitte & Touche LLP will continue in business.

Under the LLP Regulations, the partners are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the LLP and which enable them to ensure that the financial statements comply with those regulations. The partners have a general responsibility for safeguarding the assets of Deloitte & Touche LLP and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The responsibilities are exercised by the Board on behalf of the partners.

Approved by the Board and
Signed on behalf of the Board



John Connolly
Senior Partner and Chief Executive
4 August 2006

Independent auditors' report to the partners of Deloitte & Touche LLP

We have audited the parent limited liability partnership financial statements ("the financial statements") of Deloitte & Touche LLP for the year ended 31 May 2006 which comprise the significant accounting policies, the parent limited liability partnership balance sheet, and Notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the group financial statements of Deloitte & Touche LLP for the year ended 31 May 2006.

This report is made solely to the partners, as a body, in accordance with Section 235 of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the partnership and the partners as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the members and auditors

The partners' responsibilities for preparing the annual report and the parent company financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of partners' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. We also report to you if, in our opinion, Deloitte & Touche LLP has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding partners' remuneration and transactions with the partnership is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises pages 1 to 36. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

Independent auditors' report to the partners of Deloitte & Touche LLP (continued)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, as applied in accordance with the provisions of the Companies Act 1985; and
- have been properly prepared in accordance with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001.

A handwritten signature in blue ink that reads "Grant Thornton UK LLP". The signature is written in a cursive, flowing style.

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants

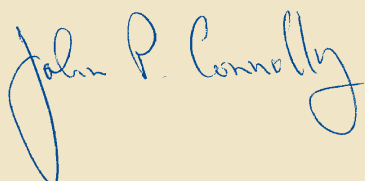
London
4 August 2006

Balance sheet

Year ended 31 May 2006

| | Note | 2006 £m | 2006 £m | 2005 £m Restated | 2005 £m Restated |
|---|------|------------|--------------|------------------------|------------------------|
| Fixed assets | | | | | |
| Tangible assets | 4 | 122.3 | | 125.5 | |
| Investments | 5 | 42.3 | | 27.1 | |
| | | | 164.6 | | 152.6 |
| Current assets | | | | | |
| Debtors | 6 | 567.6 | | 504.5 | |
| Cash at bank and in hand | | 2.3 | | 10.6 | |
| | | 569.9 | | 515.1 | |
| Creditors: amounts falling due within one year | 7 | (174.8) | | (161.3) | |
| Net current assets | | | 395.1 | | 353.8 |
| Total assets less current liabilities | | | 559.7 | | 506.4 |
| Provisions for liabilities and charges | 8 | | (268.3) | | (249.4) |
| Net assets attributable to partners | | | 291.4 | | 257.0 |
| REPRESENTED BY: | | | | | |
| Loans and other debts due to partners within one year | | | | | |
| Partners' capital | 10 | 114.2 | | 110.6 | |
| Provision for current partner annuities | 10 | 258.3 | | 212.6 | |
| | | | 372.5 | | 323.2 |
| Equity | | | | | |
| Partners' other interests | 10 | | (81.1) | | (66.2) |
| Partners' other interests – other reserves including pension liability | | | 291.4 | | 257.0 |
| Total partners' interests | | | | | |
| Amounts due from partners | | | (14.6) | | (18.7) |
| Partners' capital | | | 114.2 | | 110.6 |
| Provision for current partner annuities | | | 258.3 | | 212.6 |
| Partners' other interests | | | (81.1) | | (66.2) |
| | | | 276.8 | | 238.3 |

These financial statements on pages 85 to 94 were approved by the Board on 4 August 2006.
Signed on behalf of the Board



John Connolly
Senior Partner and Chief Executive



Bob Warburton
Managing Partner, Finance & Legal

Notes to the Financial Statements – Deloitte & Touche LLP

Year ended 31 May 2006

1. Significant accounting policies

Basis of accounting

The separate financial statements of the parent limited liability partnership, Deloitte & Touche LLP, have been prepared in accordance with United Kingdom law and applicable accounting standards, including the Statement of Recommended Practice, 'Accounting by Limited Liability Partnerships'. They have been prepared under the historical cost convention, modified to include the revaluation of certain fixed asset investments.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year, except for where changes have been made to previous policies on the adoption of new accounting standards during the year.

Deloitte & Touche LLP has adopted Financial Reporting Standard ('FRS') 17, 'Retirement benefits' and FRS 25, 'Financial instruments: Disclosure and Presentation'. The adoption of these standards represents a change in accounting policy and the comparative figures have been restated accordingly. Details of the effect of the prior year adjustments are given in Note 11.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term.

Tangible fixed assets

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over the estimated useful economic lives as follows:

| | |
|------------------------|-----------------|
| Leasehold improvements | Period of lease |
| Fixtures and fittings | 5-10 years |
| Computer equipment | 3-5 years |
| Motor vehicles | 4 years |

Investments

Fixed asset investments are stated at cost less provision for any impairment. Investments in group undertakings are accounted for at cost.

Notes to the Financial Statements – Deloitte & Touche LLP

Year ended 31 May 2006

1. Significant accounting policies (continued)

Amounts to be billed to clients

Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of Deloitte & Touche LLP. Unbilled revenue is included in trade and other receivables.

Provisions

Provisions are recognised when Deloitte & Touche LLP has a present obligation as a result of a past event, and it is probable that Deloitte & Touche LLP will be required to settle that obligation. Provisions are measured at the partners' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Discounting

Longer term provisions for surplus property and former partners' annuities are shown at the present value of the expected liability. The increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate is charged to the profit and loss account as interest payable.

Pensions

Deloitte & Touche LLP operates two pension schemes for staff, the Deloitte & Touche UK Pension Scheme and the Deloitte & Touche Retirement Plan. The Deloitte & Touche UK Pension Scheme contains three sections, two final salary sections which are closed to new entrants and a money purchase section. The Deloitte & Touche Retirement Plan is a money purchase scheme which is also closed to new entrants.

Contributions to the defined contribution scheme are charged to the profit and loss account when they become payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Contributions to the defined benefit schemes are accounted for as if they were a defined contribution scheme as it is not possible to identify the Deloitte & Touche LLP assets and liabilities in the scheme on a consistent and reasonable basis.

Current service costs and any curtailment gains are recognised in arriving at operating profit.

2. Profit and loss account

No individual profit and loss account is presented for Deloitte & Touche LLP as permitted by section 230 of the Companies Act 1985.

The auditors' remuneration for audit services to Deloitte & Touche LLP was £171,000 (2005: £145,000).

Notes to the Financial Statements – Deloitte & Touche LLP

Year ended 31 May 2006

3. Staff costs

The average number of people employed during the year (excluding partners) was 7,610 (2005: 6,747)

Staff costs incurred during the year in respect of the employers were:

| | 2006 | 2005 |
|-----------------------|--------------|--------------|
| | £m | £m |
| Salaries | 353.3 | 308.5 |
| Social security costs | 37.6 | 32.5 |
| Other pension costs | 17.0 | 30.3 |
| | 407.9 | 371.3 |

4. Tangible fixed assets

| | Land and buildings | Computer equipment | Fixtures and fittings | Motor vehicles | Total |
|-----------------------|-------------------------------|-------------------------------|----------------------------------|---------------------------|--------------|
| | £m | £m | £m | £m | £m |
| Cost | | | | | |
| At 1 June 2005 | 80.0 | 57.3 | 36.9 | 41.8 | 216.0 |
| Additions | 9.5 | 12.8 | 2.0 | 12.7 | 37.0 |
| Disposals | (0.2) | (1.9) | (0.4) | (14.8) | (17.3) |
| At 31 May 2006 | 89.3 | 68.2 | 38.5 | 39.7 | 235.7 |
| Depreciation | | | | | |
| At 1 June 2005 | 28.5 | 28.6 | 18.3 | 15.1 | 90.5 |
| Charge for the year | 11.5 | 10.8 | 3.8 | 6.0 | 32.1 |
| Disposals | - | (1.7) | (0.3) | (7.2) | (9.2) |
| At 31 May 2006 | 40.0 | 37.7 | 21.8 | 13.9 | 113.4 |
| Net book value | | | | | |
| At 31 May 2006 | 49.3 | 30.5 | 16.7 | 25.8 | 122.3 |
| At 31 May 2005 | 51.5 | 28.7 | 18.6 | 26.7 | 125.5 |

Notes to the Financial Statements – Deloitte & Touche LLP

Year ended 31 May 2006

5. Fixed asset investments

| | Investment in group undertakings £m | Other investments £m | Loans £m | Total £m |
|-----------------------|--|----------------------------|--------------------|--------------------|
| Cost | | | | |
| At 1 June 2005 | 18.1 | 4.6 | 11.9 | 34.6 |
| Additions | 2.4 | 0.1 | 17.8 | 20.3 |
| Disposals | (2.7) | (0.2) | - | (2.9) |
| At 31 May 2006 | <u>17.8</u> | <u>4.5</u> | <u>29.7</u> | <u>52.0</u> |
| Provision | | | | |
| At 1 June 2005 | 3.6 | 2.6 | 1.3 | 7.5 |
| Provided in the year | - | 0.9 | 1.4 | 2.3 |
| Disposals | - | (0.1) | - | (0.1) |
| At 31 May 2006 | <u>3.6</u> | <u>3.4</u> | <u>2.7</u> | <u>9.7</u> |
| Net book value | | | | |
| At 31 May 2006 | <u>14.2</u> | <u>1.1</u> | <u>27.0</u> | <u>42.3</u> |
| At 31 May 2005 | <u>14.5</u> | <u>2.0</u> | <u>10.6</u> | <u>27.1</u> |

Other investments are unquoted investments which are stated at cost less provision for diminution in value.

Loans represent long-term loans to Deloitte Touche Tohmatsu which are payable between 5 to 15 years. Interest is charged at commercial rates.

Notes to the Financial Statements – Deloitte & Touche LLP

Year ended 31 May 2006

5. Fixed asset investments (continued)

Deloitte & Touche LLP has an investment in the following companies:

| Principal subsidiary undertakings | Holding | Proportion of voting rights and shares held | Country of incorporation | Nature of business |
|--|----------|---|--------------------------|------------------------------|
| Deloitte MCS Limited | Ordinary | 100% | England & Wales | Consulting services |
| Deloitte Consulting GmbH | Ordinary | 100% | Switzerland | Consulting services |
| Deloitte PCS Limited | Ordinary | 100% | England & Wales | Personal financial services |
| Deloitte Total Reward and Benefits Limited | Ordinary | 100% | England & Wales | Investment advisory services |
| Deloitte & Touche Public Sector Internal Audit Limited | Ordinary | 100% | England & Wales | Internal audit services |
| B&W Deloitte GmbH | Ordinary | 100% | Germany | Actuarial services |
| B&W Deloitte GmbH | Ordinary | 100% | Switzerland | Actuarial services |
| B&W Deloitte S.r.l. | Ordinary | 100% | Italy | Actuarial services |
| Peterborough Insurance PCC Limited | Ordinary | 100% | Guernsey | Captive insurance company |
| Other | | | | |
| beprofessional.com Limited | Ordinary | 50% | England & Wales | Professional services |
| Nautilus Indemnity Holdings Limited | Ordinary | 17.35% | Bermuda | Captive insurance company |

Notes to the Financial Statements – Deloitte & Touche LLP

Year ended 31 May 2006

6. Debtors

| | 2006 | 2005 |
|--|--------------|--------------|
| | £m | £m |
| Amounts to be billed to clients | 164.3 | 71.5 |
| Client debtors | 234.7 | 230.6 |
| Amounts due from partners | 14.6 | 18.7 |
| Amounts due from group undertakings | 92.5 | 129.9 |
| Amounts due from other member firms of the DTT organisation | 28.4 | 34.7 |
| Other debtors | 12.7 | 8.7 |
| Prepayments and accrued income | 20.4 | 10.4 |
| | 567.6 | 504.5 |

7. Creditors: amounts falling due within one year

| | 2006 | 2005 |
|--|--------------|--------------|
| | £m | £m |
| Bank loans and overdrafts | 40.9 | 4.5 |
| Trade creditors | 13.7 | 16.2 |
| Amounts due to group undertakings | 8.2 | 36.3 |
| Amounts due to other member firms of the DTT organisation | 20.0 | 15.6 |
| Social security and other taxes | 32.5 | 35.1 |
| Other creditors | 4.7 | 2.4 |
| Accruals and deferred income | 54.8 | 51.2 |
| | 174.8 | 161.3 |

Notes to the Financial Statements – Deloitte & Touche LLP

Year ended 31 May 2006

8. Provisions for liabilities and charges

| | Surplus property £m | Retired Partner annuities £m | Professional liability claims £m | Total £m |
|--|-----------------------------------|--|--|--------------------|
| At 1 June 2005 | 35.0 | 209.0 | 5.4 | 249.4 |
| Additional provision in the year | 14.7 | 29.4 | 4.4 | 48.5 |
| Utilisation of provision | (10.8) | (21.6) | (4.8) | (37.2) |
| Released unused | (6.8) | - | (0.7) | (7.5) |
| Unwinding of discount | 1.6 | 10.9 | - | 12.5 |
| Adjustment for change in discount rate | - | 2.6 | - | 2.6 |
| Net movement | (1.3) | 21.3 | (1.1) | 18.9 |
| At 31 May 2006 | 33.7 | 230.3 | 4.3 | 268.3 |

9. Post employment benefits

Deloitte & Touche LLP is a participating employer of the Deloitte & Touche UK Pension Scheme which operates a defined contribution and defined benefit scheme. These schemes are administered and funded on a group basis, with contributions made in accordance with the overall fund. It is not possible to identify the Deloitte & Touche LLP assets and liabilities in the scheme on a consistent and reasonable basis. Therefore Deloitte & Touche LLP has applied the provisions of FRS17 to account for the defined benefit scheme as if it were a defined contribution scheme and no net surplus or deficit has been recorded in the Deloitte & Touche LLP balance sheet. The group scheme is currently in deficit. Full details of the net liabilities of the total scheme and the assumptions used to determine this are included in Note 23 to the group accounts.

Notes to the Financial Statements – Deloitte & Touche LLP

Year ended 31 May 2006

10. Partners' interests

| | Partners' capital £m | Provision for current partner annuities £m | Partners' other interests £m | Total £m | Loans and other debts due to/(from) partners £m | Total £m |
|---|-------------------------|---|---------------------------------|--------------|--|--------------|
| Partners' interests at 1 June 2005 | 110.6 | - | 115.9 | 226.5 | (18.7) | 207.8 |
| Restatement | - | 212.6 | (182.1) | 30.5 | - | 30.5 |
| Partners' interests at 1 June 2005 as restated | 110.6 | 212.6 | (66.2) | 257.0 | (18.7) | 238.3 |
| Profit for the financial year available for division among partners | - | - | 406.7 | 406.7 | - | 406.7 |
| Partners' interests after profit for the year | 110.6 | 212.6 | 340.5 | 663.7 | (18.7) | 645.0 |
| Allocated profits | - | - | (421.6) | (421.6) | 421.6 | - |
| Movement in provision (group accounts note 15) | - | 45.7 | - | 45.7 | - | 45.7 |
| Drawings and distributions | - | - | - | - | (417.5) | (417.5) |
| Capital: | | | | | | |
| Introduced | 13.8 | - | - | 13.8 | - | 13.8 |
| Repaid | (10.2) | - | - | (10.2) | - | (10.2) |
| Partners' interests at 31 May 2006 | 114.2 | 258.3 | (81.1) | 291.4 | (14.6) | 276.8 |

Notes to the Financial Statements – Deloitte & Touche LLP

Year ended 31 May 2006

10. Partners' interests (continued)

Deloitte & Touche LLP's profits are divided based on units issued to partners. The unit allocation is completed after the year end and accordingly, there was no automatic division of profits among the partners and only certain fixed shares of profit had been allocated as at 31 May 2006. As a result, the balance of profit available for division among the partners as at 31 May 2006 is included in other reserves. Drawings by partners on account of profits for the year have been classified as amounts due from partners.

Partners' other interests rank after unsecured creditors, and loans and other debts due to partners rank pari passu with unsecured creditors in the event of a winding up. The amount of capital that each partner is required to subscribe is determined by Deloitte & Touche LLP's Board and under the Members Agreement of Deloitte & Touche LLP a member can only withdraw capital when he or she ceases to be a partner.

11. Prior year adjustment

The prior year adjustment relates to the adoption of FRS 17 and FRS 25. In accordance with the transitional provisions, FRS 25 has been applied retrospectively without the need for full restatement of comparatives.

The adoption of FRS 17 has resulted in the derecognition of the £37.4m pension liability recorded in the 2004 opening balance under Statement of Standard Accounting Practice 24.

The adoption of FRS 25 has resulted in the creation of a provision of £212.6m at 31 May 2005 for current partners' annuities.

12. Related party transactions

Deloitte & Touche LLP has relied upon the exemption given in FRS 8 Related party disclosures not to disclose transactions between itself and its subsidiary undertakings.

Partners

| | | | | | |
|--------------------|--------------------|--------------------|-----------------------|----------------------|---------------------|
| Tamsin Abbey | Steve Brandon | Andrew Curwen | Bruce Gordon | Alastair James | Tom Macdonald |
| John Adam | Ken Bransom | Andrew Daley | Andrew Goulden | Ross James | John Macintosh |
| Chris Adams | Louise Brett | Nick Dargan | Peter Gratton | Nick Jeal | Carol MacKinnon |
| Ralph Adams | Caroline Britton | Nigel Davey | Martyn Gregory | Martin Jenkins | Iain MacKinnon |
| Kevin Ahern | Chris Brough | John Davidson | Vimi Grewal | Gurpreet Johal | Iain Macmillan |
| Neil Allcock | David Brown | Jason Davies | Byron Griffin | Nick Johnson | Alan MacPherson |
| Peter Allred | Ian Brown | Mark Davies | Debbie Griffiths | Nigel Johnson | Anthoula Madden |
| Steve Almond | Ian Brown | Tim Davis | Gwyn Griffiths | Philip Johnson | Timothy Mahapatra |
| Iraj Amiri | Richard Brown | Tim Davy | Stephen Griggs | Duncan Johnston | Patrick Maher |
| Pauline Anderson | Robert Bryant | Bill Dawson | Andrew Grimstone | Andrew Jones | Anne-Marie Malley |
| Debbie Anthony | Richard Buck | Stephen Dickens | Oliver Grundy | Dan Jones | Lee Manning |
| John Antoniazzi | Andrew Buckle | Christopher Digby | Elizabeth Gutteridge | David Jones | Simon Manning |
| Carmen Aquerreta | Gavin Bullock | Simon Dixon | | David Jones | Mohan Manuel |
| Tim Archer | Glyn Bunting | Mike Dobby | David Hall | Marty Jones | Anna Marks |
| Dean Arnold | Sandra Burling | Bill Dodwell | David Halstead | Michael Jones | Jason Marsh |
| Carol Arrowsmith | Elizabeth Burnie | Patrick Doherty | Gavin Hamilton-Deeley | Neil Jones | Stephen Marshall |
| Alexander Arterton | Andrew Burns | Mark Doleman | Richard Hammell | Louis Jordan | Angus Martin |
| Keith Ashworth | Tony Butcher | Gordon Dootson | Simon Hammett | | Andrew Martyn-Johns |
| Carol Atha | Alex Butterworth | James Douglas | John Hammond | Neville Kahn | Chris Maton |
| Mark Atkinson | Heather Bygrave | Cahal Dowds | Heather Hancock | Panos Kakoullis | Rob Matthews |
| Shaun Austin | | Andrew Downes | Kendra Hann | Jan Kamieniecki | John Maxey |
| Penny Avis | Cindy Cahill | Tom Downing | Edward Hanson | Philip Kaye | Dougie McAndrew |
| Terry Awan | Donald Campbell | Bob Doye | Charles Hardy | Stephen Keane | Stuart McCabe |
| | George Champion | Malcolm Drysdale | Deepak Haria | Tom Keenan | Tony McClenaghan |
| Richard Baddon | Nic Carrington | Eliza Dungworth | Andy Harris | Jack Kelly | Nigel McCrea |
| Mark Baines | Jeremy Casson | David Dutt | Neil Harris | Bernard Kenny | Simon McCready |
| James Baird | Ross Cattell | | Peter Hartill | John Kerr | Trevor McDonagh |
| Michael Baird | David Caukill | Martin Eadon | Mike Hartley | Michael Kerr | Kenneth McFarlane |
| Sam Baker | Anna Celner | Tim Edge | Chris Harvey | Nicola Kerr | Carole McGregor |
| Adrian Balcombe | Sabri Challah | Rose Edmunds | Humphry Hatton | Simon Kerton-Johnson | Gordon McKechnie |
| Andrew Ball | Alison Chapman | Nick Edwards | Julian Hawkins | Martin Kilburn | Ian McNeil |
| Rick Ballard | Stephen Charge | Richard Edwards | Alison Haynes | John Kilby | Karen McNicholls |
| Jolyon Barker | Warren Chester | Maghsoud Einollahi | Laurence Hedditch | Carl King | Lisa McNulty |
| Nigel Barker | Rajeev Chopra | George Elkington | Derek Henderson | Doug King | Mark McQueen |
| Daniel Barlow | Tony Clare | Matt Ellis | Stuart Henderson | Stephen Knight | Carl Mellor |
| David Barnes | Andrew Clark | Roger Esler | John Henshall | Richard Knights | Nigel Mercer |
| Stuart Barnett | Ian Clark | David Evans | Mary Hensher | Dennis Knowles | Stephen Mercer |
| Sue Barratt | Jeff Clarke | Hugh Evans | Warwick Hensley | Angus Knowles-Cutler | Roger Miles |
| Catherine Barton | Paul Clarke | Nick Evans | William Higgins | Eggie Kock | Philip Mills |
| Ian Barton | David Claxton | Phill Everson | Paula Higgleton | Ian Krieger | Feargus Mitchell |
| Richard Barton | John Clennett | | Mark Hill | Klaus Kummermehr | Kerr Mitchell |
| Richard Baxter | David Cobb | Douglas Farish | Andrew Hillman | Alex Kyriakidis | Nikki Mitchell |
| Dan Beanland | Emma Codd | Tony Farnworth | Carol Hindle | | Margaret Mitchell |
| Allan Beardsworth | Bill Cohen | Paul Feechan | David Hindley | Anthony Landes | Peter Moller |
| Neil Beaton | Robin Cohen | Alan Fendall | Jonathan Hinton | Sarah Lavan | Jason Moore |
| Mark Beddy | Tony Cohen | James Ferguson | Peter Hipperson | Mark Lawrie | Alan Morgan |
| Sean Beech | Neil Coles | Sally Fisher | Andrew Hodge | Martin Laws | Andy Morris |
| David Bell | Russell Collins | Mark FitzPatrick | Robert Hodkinson | Julia Le Blan | Tony Morris |
| Mike Bell | Vince Colvin | Albert Fleming | Peter Holmes | Julian Leake | Craig Muir |
| Richard Bell | Greg Conminos | Richard Flinn | Gavin Hood | Chris Leck | Peter Muir |
| David Belward | Sue Conder | Linda Foster | Ian Hook | Mark Lee-Amies | Mark Mullins |
| Joanne Bentley | Joe Conneely | John Foster Thomas | Richard Houston | James Leigh | Gerry Murphy |
| David Bettesworth | John Connolly | John Fotheringham | Neville Howard | Phil Lemanski | Tim Murphy |
| Bharat Bhayani | Bill Cooper | Pesh Framjee | Ross Howard | Rich Lester | David Murray |
| John Binns | Tony Cooper | Paul Franek | Andrea Howl | Simon Letts | Richard Muschamp |
| John Bird | Michael Corrigan | Norbert Frank | Colin Hudson | Tom Lewthwaite | |
| Aidan Birkett | Stuart Cottee | Sharon Fraser | Neil Hudson | Mike Lloyd | Vassi Naidoo |
| Richard Blackwell | Stuart Counsell | Nicola Freeman | Carl Hughes | Richard Lloyd-Owen | Paul Nash |
| Zahir Bokhari | Emma Cox | | David Hughes | Phil Lobb | Kirsty Newman |
| Alison Bond | Richard Crane | Peter Gallimore | David Hume | Jane Lodge | Peter Newman |
| Darren Boocock | David Crawford | Rick Garrard | Rich Hurley | Gerry Loftus | Andy Newsome |
| Clive Bouch | Simon Creedy-Smith | Kirsty Garrison | Lawrence Hutter | Pat Loftus | Vince Niblett |
| Tony Bowers | Kevin Cresswell | Allan Gasson | Chris Hyams | Darren Longley | Henry Nicholson |
| Gerry Boyle | David Cruickshank | Michael Gell | | Chris Loughran | Phil Nicklin |
| Jim Boyle | Neil Cruickshanks | CJ Getz | Frank Ilett | Nikki Lovejoy | David Noon |
| Marcus Boyle | Simon Cuerden | Colin Gibson | Will Inglis | Howard Lovell | David Norton |
| Charles Bradbrook | Michael Cullen | Lis Gibson | Joe Ippolito | Jane Lucien-Scholle | Richard Norton |
| Rob Bradbury | John Cullinane | Richard Gilroy | | Paul Lupton | |
| Neville Bramwell | Greg Culshaw | Mark Goodey | | Daniel Lyons | |
| Greg Branch | Jane Curran | Andrew Gordon | | | |

| | | | |
|-------------------|---------------------|----------------------|-------------------|
| Peter O'Donoghue | Andy Rothery | Geoff Taylor | Ric Williams |
| Jonnie Oldham | Matthew Rourke | Tarlok Teji | Richard Williams |
| Richard Olver | Paul Rowe | Debbie Thomas | Robin Williams |
| Roy O'Neil | David Rush | Guy Thomas | Stephen Williams |
| Kevin O'Reilly | Gillian Russell | Julian Thomas | Paul Williamson |
| James O'Riordan | Marvin Rust | Nigel Thomas | Jamie Willis |
| David Owen | Ciara Ryan | Paul Thompson | Frank Wilson |
| George Owen | | Calum Thomson | Robert Wilson |
| Nick Owen | Jas Sahota | Eric Tomsett | Glen Witney |
| Simon Owen | John Salmon | Rob Topley | Nigel Wixcey |
| Mark Pacitti | Martin Saluveer | William Touche | Dominic Wong |
| Gerry Paisley | Fiona Salzen | Chris Tragheim | Neil Wood |
| Stephen Palmer | Nick Sandall | Nicola Tratalos | Stephen Woodhouse |
| Demos Papasavvas | Damian Sanders | Paul Trickett | John Woods |
| David Parry | Ian Sargeant | Mike Turley | Stuart Woodward |
| Peter Parsons | Maxine Saunders | | Denis Woulfe |
| Shirish Patel | Peter Saunders | Ashley Unwin | Derek Wright |
| David Paterson | Paul Schofield | | James Wright |
| Ellie Patsalos | Martin Scicluna | Elisabeth Vale | Peter Wright |
| Tony Patteson | David Scott | Nick van Marken | Toby Wright |
| Chris Pearson | Alastair Scrimgeour | Howard Veary | Daryl Wyer |
| Matt Perkins | Kirsty Searles | David Viles | |
| Andrew Peters | Robert Seldon | | James Yearsley |
| Nick Pflaeger | Anup Shah | Simon Wakefield | Brian Yeomans |
| Simon Philip | Manish Shah | Patrick Waldron | Neil Yeomans |
| Jeremy Phipps | Isobel Sharp | Tim Walker | Conrad Young |
| Nigel Pickard | Mark Shaw | Ian Waller | David Young |
| Graham Pickett | Edward Shedd | Peter Wallis | Debbie Young |
| Les Platts | Graeme Sheils | Brett Walsh | Lionel Young |
| Angus Pollock | Hadleigh Shekle | Kevin Walsh | |
| Veronica Poole | Sarah Shillingford | Alan Walton | Morris Zelkha |
| Richard Porter | Nigel Shilton | Robert Warburton | Paul Zimmerman |
| Karen Potts | Karen Silcock | Chris Ward | |
| Chris Powell | Roger Simler | Donna Ward | |
| Minnow Powell | Andy Simmonds | Mark Ward | |
| Andrew Power | Ian Simpson | Stephen Ward | |
| Ralph Preece | Nigel Slater | Chris Warren | |
| Robin Priest | Jim Sloane | Chris Watts | |
| Richard Punt | Julian Small | Wayne Weaver | |
| | Andrew Smith | Jeff Wehner | |
| David Quantrill | Ian J. Smith | Christoph Wellinger | |
| Michael Quinlan | Ian S. Smith | David Wenborn | |
| | Mark Smith | Andrew Westbrook | |
| David Raistrick | Richard Sowerbutts | Stephen Weston | |
| William Ramsay | Ian Sparshott | Brian White | |
| Cliff Rana | Andrew Spooner | Brian White | |
| Colin Rawlings | David Sproul | Duncan Whitecross | |
| Clive Reay | Clive Stanford | Brian Whitefoot | |
| Alan Redden | Tim Steel | Bevan Whitehead | |
| John Reeve | Ian Steele | John Whitehead | |
| John Reid | Paul Stephen | Justin Whitehouse | |
| Mary Reilly | Darren Stephens | Jane Whitlock | |
| Lynne Rennie | Kevin Stephens | Andy Whitton | |
| Mark Rhys | Mark Stephenson | Richard Widdas | |
| Jonathan Rice | Matthew Stephenson | Paul Wigham | |
| Belinda Richards | Paul Stephenson | Roger Wightman | |
| John Richards | Ian Stone | Ken Wild | |
| Philip Richards | Keith Stone | Andy Wilde | |
| Graham Richardson | Lisa Stott | David Wilkinson | |
| Mark Richardson | Chris Sullivan | Malcolm Wilkinson | |
| Philip Ridgway | Martyn Sullivan | Steve Wilkinson | |
| Georgina Robb | Charles Swain | Christopher Williams | |
| David Robbins | Andy Swarbrick | David Williams | |
| Glenn Roberts | Richard Syrratt | Iain Williams | |
| Chris Robertson | | Mark Williams | |
| Andrew Robinson | Dave Tansley | Mike Williams | |
| Paul Robinson | Mark Tantam | Paul Williams | |