



Annual Statement 2007



BDO International

BDO International is a world wide network of public accounting firms, called BDO Member Firms, serving international clients. Each BDO Member Firm is an independent legal entity in its own country. The network is coordinated by BDO Global Coordination B.V., incorporated in the Netherlands, with an office in Brussels, Belgium, where the Global Coordination Office is located. Nothing in the arrangements or rules of BDO International shall constitute or imply a partnership between BDO Member Firms.

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BDO is the brand name for the BDO International network and all BDO Member Firms.

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Letter from the Chairman

As I take over the Chairmanship of the BDO International Policy Board, I am pleased to be able to reiterate the words of the former Chairman in previous Annual Statements: BDO has seen significant growth this year; our international network is stronger than ever: 2007 was a success !

In today's environment, an increase in fee income of 20% is no mean achievement and, as growth has once again been consistent across all regions and all service lines, this is plainly not down to freak circumstances. The network was pleased to welcome new Member Firms in the strategically ever more important economies of Latin America (Panama), China (Beijing) and Eastern Europe (Croatia), as well as the archipelagic state of Trinidad and Tobago.

Legal and regulatory matters continue to make significant demands on the resources of both BDO Member Firms and their clients. BDO has always paid strict attention to the statutory requirements of the accountancy profession and as such enjoys good relationships with regulatory bodies. The network's public responsibility is evident in an increasing visibility at intra-industry forums and with standard setters, while BDO's involvement in the industry debate on the role of auditors and the expectations from clients, investors and other stakeholders grows year on year.

These considerations necessarily have an impact on strategic direction, and BDO does not stand still. We are developing our organisation to ensure that both our international service offering and the career prospects we offer our talented professionals are geared to the choice and values our market demands.

As 2008 begins, the BDO International network is a successful, independent and high quality professional services supplier with global reach and a distinctive reputation. Our objective is simply to continue delivering a seamless and consistently high quality service at every point of delivery.

Martin van Roekel
Policy Board Chairman



Global performance

Core statistics for the BDO International network

Our figures

Year*	2007	2006
Combined fee income	€ 3,298 million \$ 4,704 million	€ 3,083 million \$ 3,911 million
Number of countries	110	107
Number of offices	626	621

*year ending 30 September

Our people

Partners	2,520	2,348
Professional staff	23,728	22,361
Administrative staff	5,328	5,009
Total staff	31,576	29,718

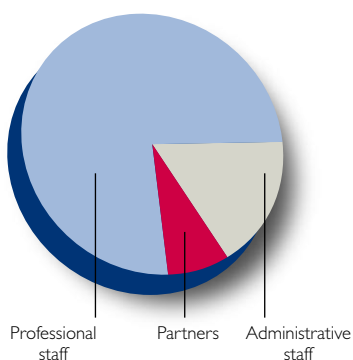
Our geography

Region	Revenue %	Countries
Europe	45%	46
North America	42%	7
Rest of world	13%	57
Total	100%	110

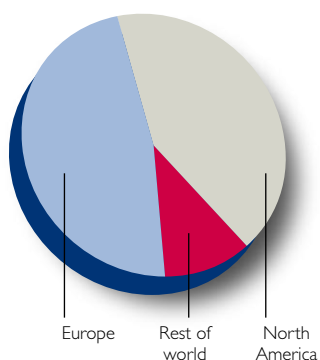
Our services

Audit & Accounting	59%
Tax services	19%
Specialist advisory services	17%
Other	5%

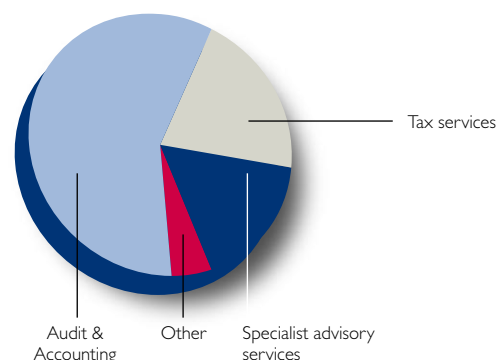
Our people



Our geography



Our services



Fulfilling market demand

The issues of competition, concentration and choice continue to affect the audit market. Accounting networks operating in this environment are required to keep pace with change. In this fast-moving world, BDO* is improving market share, both through strengthening the network and winning and servicing more international clients. This is the result of a strategy and ambition that can adapt to change as and when necessary.

The ambitious 2007 strategic plan for BDO ensures that the network fulfils the market demand for greater choice and is recognised all over the world as a leading global player in the accountancy market. Having global reach and a distinctive reputation does not mean that BDO is evolving into a 'big fifth', because quality and service will always win over mere size. It does mean that the network is a true challenger to the big networks and can compete easily with them for larger international clients.

Nyloplast

'BDO has a good feel for how we do business'

People

BDO attracts highly talented and ambitious professionals and there is a global focus on the recruitment and retention of motivated people. The network's distinctively different employment proposition offers individuals unequalled flexibility and autonomy within a stimulating and diverse environment, where numerous employees, often from other networks, have already found both a fulfilling work place and a meaningful future. BDO will guard this because ability and motivation, when combined with close client relationships, are indispensable in delivering an effective and high quality service.

Neckermann.com

'I prefer to work with an adviser I know well and who knows us well: BDO is that kind of partner'



Clients

Operating in each of our clients' locations, BDO is a recognised brand that is known for its close professional relationships with clients. An above-average partner to staff ratio ensures proximity to clients and constant management of their needs. Our committed partners forge strong ties with clients and dedicate time to identifying their expectations. Through effective listening and a deep understanding of the industry and the local market, they are able to deliver independent advice and high quality responses to queries, as well as assist clients with new opportunities.

VALAD Property Group, Nordic

'We appreciate the high level of professionalism and expertise BDO has demonstrated... particularly the value-added services'

The powerful BDO International network of committed and capable Member Firms delivers consistently seamless service to their clients, including the larger ones who, by definition, are operating trans-nationally. Our clients are testament to our solid reputation.

* BDO is the brand name for the BDO International network and all BDO Member Firms

Transparency

BDO is constantly re-examining its structure and governance in order to remain in step with external developments and is fully supportive of all moves towards greater transparency by audit firms.

The European Union (EU)'s *8th Company Law Directive* updates the provisions of the earlier *Audit Directive* and introduces new provisions on public oversight, third country auditors and other matters. The deadline for the transposition of the provisions contained within the Directive into the laws of all EU Member States is 29 June 2008, and it is generally accepted that it will transform the environment in which audit firms in the EU operate once fully transposed.

The Directive introduces the requirement on Member States to ensure that every statutory audit firm carrying out statutory audits of 'Public Interest Entities' publishes annual transparency reports that display an extensive list of information. These specific minimum requirements will represent a dramatic legal and cultural change in many countries where there has been no history of such disclosure.

BDO fully supports the requirement to issue a Transparency Report and understands the real benefits of increasing confidence in the audit profession, not just to the profession as a whole, by improving both firms' credibility and their reputation for integrity, but to society at large. Such transparency will also assist in improving competition and choice across the industry, by increasing the volume and quality of information available to the buyers of statutory audit services. Similarly, a firm that is seen as transparent about its structures, processes, objectives and financial position is attractive to talented professionals.

Notwithstanding the potential difficulties inherent in providing the extensive information that is required to be published, BDO will deal with the implications of the transparency requirements and provide all the information and assistance necessary in achieving this objective.



Intra-industry activities

BDO's views and opinions are consistently expressed at intra-industry forums, conferences and meetings, ensuring a distinctive input to industry debate.

Global Public Policy Committee (GPPC)

The GPPC is comprised of senior-level partners of the six largest accounting networks who deal with public policy issues on an international basis. As such, it provides a forum for these international accounting networks to focus on public policy issues for the profession.

Under the auspices of the GPPC, in December 2007, BDO's technical experts joined those of Deloitte, E&Y, GT, KPMG and PWC in issuing a paper to enhance awareness of specific requirements of International Financial Reporting standards (IFRS). In the context of current financial market conditions, *Determining Fair Value of Financial Instruments under IFRS in Current Market Conditions* was prepared by the involved firms on a voluntary basis because they believe it to be in the interests of all market participants to draw attention to the relevant guidance in IFRS. The paper does not amend or interpret IFRS, but simply highlights existing areas of the literature and, as such, the firms involved are taking the role neither of standard setters nor of regulatory enforcers: this being the preserve of the regulatory community.



Each year, the GPPC hosts the **Global Public Policy Symposium (GPPS)** and in January 2008, the CEO of BDO, Frans Samyn, together with the CEOs of the other five largest networks, sponsored the fourth GPPS in New York. This event provides an international forum for the exchange of views on maintaining healthy global capital markets by contributing to improvements in the quality, reliability and accessibility of the financial and other information that stakeholders need.

The event was attended by some 300 investors, corporate financial executives, board members, regulators, standard-setters, corporate governance experts and audit professionals. Discussion topics on the agenda included convergence, financial reporting standards, continuous improvement and greater consistency in audit quality and the future of business reporting. Of particular note was the Report from



the CEOs of the international audit networks, a paper entitled *Global dialogue with capital market stakeholders*, which endorses IFRS as the global financial reporting language of the future.

Forum of Firms



The Forum of Firms is an association of international networks of accounting firms that perform audits of financial statements that are or may be used across national borders. The Forum's goal is to promote consistent and high quality standards of financial reporting and auditing practices world wide. In January 2008, BDO International was named one of the first full members of the Forum of Firms, after reporting it had implemented a globally coordinated quality assurance programme, committed to the use of International Standards on Auditing (ISAs), and met other specific ethics requirements.

BDO is one of the international networks of accounting firms that achieved full member status, the first group of firms to do so since the Forum was formally established in 2002. Being officially recognised as a Member of the Forum of Firms is proof that BDO has embraced the high quality assurance and ethics standards required of Forum members in order to serve the public interest and to help raise the standards of the international practice of auditing.

BDO International

There is BDO Member Firm representation in each of the following countries (this list is current as of 1 January 2008)

Angola: BDC-Auditoria, Consultoria e Formação, Lda • **Argentina:** Becher & Asociados S.R.L. • **Australia:** BDO Kendalls • **Austria:** BDO Auxilia Treuhand GmbH • **Bahamas:** BDO Mann Judd • **Bahrain:** BDO Jawad Habib • **Belgium:** BDO Atrio G.I.E. • **Bolivia:** BDO Berthin Amengual y Asociados S.R.L. • **Botswana:** BDO Spencer Steward (Botswana) • **Brazil:** BDO Trevisan Auditores Independentes • **British Virgin Islands:** BDO Binder Ltd • **Bulgaria:** BDO Akero Ltd. • **Canada:** BDO Dunwoody LLP • **Cape Verde Islands:** BDO CapeAudit - Auditoria, Impostos e Consultoria, Lda • **Cayman Islands:** BDO Tortuga • **Chile:** BDO Acender Auditores Consultores Ltda. • **China:** BDO Beijing Jingdu CPAs • BDO Shanghai Zhonghua CPAs • BDO Shenzhen Dahua Tiancheng CPAs • BDO Wuhan ZhongHuan CPAs • **Colombia:** BDO AGE Holdings S.A. • **Comoros (Mauritius):** • **Croatia:** BDO Revizija Zagreb d.o.o • **Cyprus:** BDO Philippides Ltd • **Czech Republic:** BDO Prima Audit s.r.o. • **Denmark:** BDO ScanRevision • **Dominican Republic:** BDO Ortega y Asociados • **Ecuador:** BDO Stern Cía. Ltda. • **Egypt:** BDO Khaled & Co. • **El Salvador:** Figueroa Jiménez & Co. S.A. • **Estonia:** BDO Eesti AS • **Fiji:** BDO AliZ • **Finland:** BDO FinnPartners Oy • **France:** BDO France SAS • **Germany:** BDO Deutsche Warentreuhand AG • **Gibraltar:** BDO Orion Ltd • **Greece:** BDO Protypos Hellenic Auditing Company AE • **Guatemala:** BDO Platero Reyes y Asociados S.C. • **Guernsey:** BDO MPR Association LBG • **Hong Kong:** BDO McCabe Lo Limited • **Hungary:** BDO Forte Holding Trustee and Services Kft. • **India:** Lodha & Co • **Indonesia:** KAP Tanubrata Sutanto & Rekan • **Ireland:** BDO Simpson Xavier • **Isle Of Man:** BDO Creg Lhea LLC • **Israel:** Ziv Haft Certified Public Accountants • **Italy:** BDO Sala Scelsi Farina, Società di Revisione per Azioni • **Jamaica:** BDO Marwilmac Partners • **Japan:** BDO Sanyu & Co. • **Jersey:** BDO Alto Limited • **Jordan:** BDO National Brothers • **Kazakhstan:** BDO Kazakhstanaudit • **Korea:** BDO Daejoo • **Kuwait:** BDO Burgan - International Accountants • **Latvia:** BDO Invest Riga • **Lebanon:** BDO Fiduciaire du Moyen-Orient SAL • **Liechtenstein (Switzerland):** • **Lithuania:** BDO V.S. auditas ir apskaita, UAB • **Luxembourg:** BDO Compagnie Fiduciaire S.A. • **Madagascar (Mauritius)** • **Malaysia:** BDO Binder (Malaysia) • **Malta:** BDO Attard Buttigieg Psaila & Co. • **Mauritius:** BDO De Chazal Du Mee & Co. • **Mexico:** BDO Hernández Marrón y Cía, S.C. • **Morocco:** BDO Asmoun & Associés • **Mozambique:** BDO Mozaudit – Auditoria, Impostos e Consultoria, Lda • **Namibia:** BDO Spencer Steward (Namibia) • **Netherlands:** BDO CampsObers Accountants & Belastingadviseurs B.V. • **Netherlands Antilles & Aruba:** BDO Galveras Netherlands Antilles B.V. • BDO Galveras Aruba N.V. • **New Zealand:** BDO Spicers Ltd • **Nigeria:** BDO Oyediran Faleye Oke & Co. • **Norway:** BDO Noraudit & Co. AS • **Oman:** BDO Jawad Habib Oman • **Pakistan:** BDO Ebrahim & Co. • **Panama:** BDO Bustamante & Bustamante • **Paraguay:** Rubinsztein & Guillén • **Peru:** Pazos, Lóopez De Romaña, Rodríguez S.C. • **Philippines:** BDO Alba Romeo & Co • **Poland:** BDO Numerica Sp. z o.o. • **Portugal:** BDO bdc & Associados, SROC, Lda • **Qatar:** BDO Jawad Habib Qatar • **Reunion Island (Mauritius)** • **Romania:** BDO Conti Audit SRL • **Russia:** BDO Unicon Inc • **Saudi Arabia:** Associated Accountants • **Senegal:** BDO MBA SA Management-Business-Audit • **Serbia:** BDO BC Excel d.o.o. • **Seychelles (Mauritius)** • **Singapore:** BDO Raffles • **Slovak Republic:** BDO Alfa Audit & Co., s.r.o. • **Slovenia:** BDO EOS Svetovanje D.O.O. – BDO EOS Revizija D.O.O. • **South Africa:** BDO Spencer Steward Southern African Co-Ordination (Pty) Limited • **Spain:** BDO Audiberia Auditores, S.L. • **Sri Lanka:** BDO Burah Hathy • **Suriname:** BDO AbrahamsRajjmann & Partners • **Sweden:** BDO Nordic AB • **Switzerland:** BDO Visura • **Taiwan:** BDO Taiwan Union & Co • **Thailand:** BDO Richfield Ltd • **Trinidad & Tobago:** BDO Trinity Limited • **Tunisia:** BDO Afric Audit s.à.r.l. • **Turkey:** BDO Baylan • BDO Denet • **Turkmenistan:** Denet Türkmen JV Auditor Firmasy • **Ukraine:** BDO Balance-Audit Ltd • **United Arab Emirates:** BDO Patel & Al Saleh (Dubai, Sharjah & Jebel Ali) • BDO Patel (Abu Dhabi) • **United Kingdom:** BDO Stoy Hayward LLP • **United States of America:** BDO Seidman, LLP • **Uruguay:** BDO Estudio Héctor Defféminis • **Vanuatu:** BDO Barrett & Partners • **Venezuela:** BDO Guillén, Machado & Asociados, S.C. • **Vietnam:** BDO AFC • **Zambia:** BDO Spencer Steward (Zambia) • **Zimbabwe:** BDO Kudenga & Co