

DELOITTE MCS LIMITED

Report and Financial Statements

31 May 2006



REPORT AND FINANCIAL STATEMENTS 2006

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REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J P Connolly
D H Owen
R W Warburton

SECRETARY

Stonecutter Limited
Hill House
1 Little New Street
London
EC4A 3TR

REGISTERED OFFICE

Hill House
1 Little New Street
London
EC4A 3TR

BANKERS

Bank of Scotland
38 Threadneedle Street
London
EC2P 2HL

Bank of Scotland
International Services
Princes House
PO Box 25044
50 West Campbell Street
Glasgow
G2 6YJ

Barclays Bank Plc
54 Lombard Street
London
EC3P 3AH

AUDITORS

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 May 2006.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Deloitte & Touche LLP and operates as part of the group's consultancy division.

During the year, the company purchased certain administrative services, including the provision of premises from Deloitte & Touche LLP.

The principal activity of the company is the provision of management consultancy. There have not been any significant changes in the company's principal activities during the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's profit and loss account on page 7, the company's revenue has increased by 18% over the prior year and profit after tax has increased by 4%.

The balance sheet on page 8 of the financial statements shows that the company's financial position, in net asset terms, has improved in line with the increased turnover and profit.

Overall, the directors consider the performance of the company satisfactory and remain optimistic about the long term prospects for continued growth.

The Deloitte & Touche LLP group manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the consulting division, which includes this company, is discussed in the group's Annual Report for the year ended 31 May 2006 which does not form part of this Report.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure within the UK is a continuing risk for the company, which could result in it losing revenue to its key competitors. The company looks to manage this risk by focusing on delivering quality to clients and achieving high standards in everything it does.

Revenue arises mainly in the UK, however the company is exposed to the movement in the Euro and US Dollar exchange rates on revenue generated in these areas. The group does not hedge or enter into forward or derivative transactions and is exposed to translation and transaction foreign currency exchange risk.

The company has no third party debt and therefore no interest rate exposure.

Group risks are discussed in the group's Annual Report for the year ended 31 May 2006 which does not form part of this Report.

RESULTS AND DIVIDENDS

Revenue for the year was £308,333,000 (2005: £261,750,000). The profit for the year before taxation was £7,796,000 (2005: £4,783,000). The directors do not recommend the payment of a dividend for the year (2005: £nil).

At 31 May 2006 shareholder's funds were £9,250,000 (2005: £6,462,000). The directors do not recommend the payment of a dividend for the year (2005: £nil).

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The names of the directors who served during the year are shown below. All directors served throughout the year except as noted below:

J P Connolly
D H Owen
R W Warburton

No director had any beneficial interest in the share capital of the company or any other group company except for J P Connolly, R W Warburton and D H Owen who as members of Deloitte & Touche LLP at 31 May 2006, had an indirect beneficial interest in the share capital of the company.

ENVIRONMENT

The Deloitte & Touche LLP group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the groups Annual Report for the year ended 31 May 2006 which does not form part of this report. Initiatives designed to minimise the group's impact on the environment include recycling, waste management, energy procurement and consumption and greening the supply chain.

EMPLOYEES

Details of number of employees and related costs can be found in note 5 to the financial statements on page 12.

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practical to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

EMPLOYEE INVOLVEMENT

The company seeks to inform and consult with managers and staff regularly by way of in-house publications, informal meetings, training courses and staff development seminars, so as to involve them in the success of the business and to reward their efforts accordingly.

TAXATION STATUS

In the opinion of the directors, the company is a close company within the provisions of Section 414 of the Income and Corporation Taxes Act 1988.

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

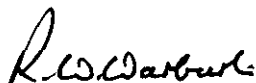
In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

Grant Thornton UK LLP, having offered themselves for reappointment as auditors, shall be deemed to be reappointed for the next financial year in accordance with section 386 of the Companies Act 1985.

Approved by the Board of Directors
and signed by order of the Board



R W Warburton
Duly authorised, for and on behalf of
Stonecutter Limited
Secretary

29 September 2006

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DELOITTE MCS LIMITED

We have audited the financial statements of Deloitte MCS Limited for the year ended 31 May 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet, and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' 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, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company 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 directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DELOITTE MCS LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 May 2006.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

London

16 October 2006

PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2006

	Note	2006 £'000	2005 £'000
REVENUE	2	308,333	261,750
OPERATING COSTS			
External charges: expenses and disbursements on client assignments		(56,920)	(43,163)
Staff costs	3	(103,347)	(91,552)
Depreciation and other amounts written off tangible fixed assets		(1,322)	(1,291)
Other operating expenses		(137,990)	(120,064)
OPERATING PROFIT		8,754	5,680
Net Interest payable	4	(958)	(897)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	7,796	4,783
Taxation on profit on ordinary activities	6	(5,008)	(2,104)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,788	2,679
PROFIT FOR THE FINANCIAL YEAR	13	2,788	2,679

All amounts are derived from continuing activities.

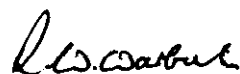
There are no recognised gains or losses for the current or prior year other than as stated above.

BALANCE SHEET
As at 31 May 2006

	Note	2006 £'000	2005 £'000
FIXED ASSETS			
Tangible assets	7	15,463	16,229
Investments	8	4,619	2,601
		<u>20,082</u>	<u>18,830</u>
CURRENT ASSETS			
Debtors	9	79,388	82,631
Cash at bank and in hand		46	569
		<u>79,434</u>	<u>83,200</u>
CREDITORS: amounts falling due within one year	10	<u>(89,000)</u>	<u>(94,797)</u>
NET CURRENT LIABILITIES		<u>(9,566)</u>	<u>(11,597)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,516</u>	<u>7,233</u>
PROVISIONS FOR LIABILITIES	11	<u>(1,266)</u>	<u>(771)</u>
NET ASSETS		<u>9,250</u>	<u>6,462</u>
CAPITAL AND RESERVES			
Called up share capital	12	4,261	4,261
Profit and loss account	13	4,989	2,201
TOTAL EQUITY SHAREHOLDER'S FUNDS	14	<u>9,250</u>	<u>6,462</u>

These financial statements were approved by the Board of Directors on 29 September 2006.

Signed on behalf of the Board of Directors



R W Warburton
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with United Kingdom law and accounting standards. The particular accounting policies adopted, which have been applied consistently in the current and prior year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidation

Under section 228 of the Companies Act 1985, the company has not prepared group financial statements because at 31 May 2006, the company is a wholly owned subsidiary of D&T Consulting Holdings Limited, a company registered in England and Wales. D&T Consulting Holdings Limited is itself a wholly owned subsidiary of Deloitte & Touche LLP, also registered in England and Wales. The results of D&T Consulting Holdings Limited, Deloitte MCS Limited and its subsidiaries are consolidated into the financial statements of Deloitte & Touche LLP.

These financial statements present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has not prepared a cash flow statement as the results of Deloitte Total MCS Limited are consolidated into the accounts of Deloitte & Touche LLP.

Tangible fixed assets

On other fixed assets depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold property	Over 50 years (land is not depreciated)
Fixtures and fittings	10% to 20% per annum
Leasehold improvements	Period of lease

Investments

Investments held as fixed assets are stated 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 company. Unbilled revenue is included in debtors.

Foreign currency

Transactions undertaken in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Balances outstanding at the period end are translated at the exchange rate ruling at the balance sheet date. All translation differences are dealt with in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2006

1. ACCOUNTING POLICIES (continued)

Deferred taxation

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

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Retirement Benefits

Deloitte & Touche LLP operates two main pension schemes in which Deloitte MCS Limited participates. The main scheme has a *Final Salary Section*, a *Money Purchase Section* and a *Deloitte & Touche Pension Fund Section*. The Deloitte & Touche Pension Fund operated as a separate scheme until it was merged with the main scheme in May 2004.

In addition, the company is also a participating employer in the Deloitte & Touche Retirement Plan and makes contributions to the stakeholder plans offered by the group.

Final Salary Section

The company participates in the Final Salary Section of the main pension scheme operated by Deloitte & Touche LLP. The assets of the pension scheme are held in a separate trustee administered fund. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. It is not possible to identify the company's share of the underlying assets and liabilities in the scheme and therefore it is accounted for as a multi-employer scheme as defined by Financial Reporting Standard 17 'Retirement benefits' (FRS 17). The pension costs charged against operating profits are the contributions payable to the scheme in respect of the year.

Money Purchase Section

The company participates in the Money Purchase Section of the main pension scheme operated by Deloitte & Touche LLP. The assets of the pension scheme are held in a separate trustee administered fund. In the Money Purchase Section of the pension scheme the pension costs charged against operating profits are the contributions payable to the scheme in respect of the year. The Money Purchase Section was set up on 1 June 2001.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2006

1. ACCOUNTING POLICIES (continued)

Deloitte & Touche Pension Fund Section

The Deloitte & Touche Pension Fund Section (the "Fund") provides defined benefits based on a member's final salary. The Fund was closed to new members from July 2002. The assets of the Fund are held in a separate trustee administered fund. The Fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. It is not possible to identify the company's share of the underlying assets and liabilities in the scheme and therefore it is accounted for as a multi-employer scheme as defined by FRS 17. The pension costs charged against operating profits are the contributions payable to the scheme in respect of the year.

Deloitte & Touche Retirement Plan

The Deloitte & Touche Retirement Plan (the "Plan") provides benefits based on defined contributions. The assets of the Plan are held in a separate trustee administered fund. The pension costs charged against operating profits are the contributions payable to the scheme in respect of the year.

Stakeholder Pension Scheme

The Firm offers a choice of two stakeholder plans. These are open to all employees but are mainly of interest to those under age 30. The pension costs charged against operating profits are the contributions payable to the stakeholder plans in respect of the year.

2. REVENUE, OPERATING PROFIT AND NET ASSETS

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 company has a contractual right to receive consideration for work undertaken.

Revenue, operating profit and net assets originate in the United Kingdom.

The geographical analysis of revenue by destination is as follows:

	2006 £'000	2005 £'000
United Kingdom	252,833	237,592
Other EU	37,000	10,471
North America	15,417	11,917
Rest of World	3,083	1,770
	<u>308,333</u>	<u>261,750</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2006

3. STAFF COSTS

Employees

The average monthly number of people employed during the year (including directors) was:

	2006 No.	2005 No.
Professional	1,459	1,292
Administration, sales and support	106	110
	<u>1,565</u>	<u>1,402</u>

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

	2006 £'000	2005 £'000
Salaries	89,638	80,080
Social security costs	10,322	8,768
Other pension costs	3,387	2,704
	<u>103,347</u>	<u>91,552</u>

Directors

During the current and prior year all of the directors were remunerated as members of Deloitte & Touche LLP.

None of the directors received any remuneration (from any source) for their services as directors of the company during the current or preceding year. Therefore, Deloitte & Touche LLP made no charge to the company in respect of the directorships during the current or preceding year.

4. NET INTEREST PAYABLE

	2006 £'000	2005 £'000
Bank interest payable	958	897
	<u>958</u>	<u>897</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2006

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging:

	2006 £'000	2005 £'000
Depreciation and amortisation on owned assets:		
- tangible fixed assets	1,322	1,291
Loss on disposal of fixed assets	-	97
Operating leases payments		
- land and buildings	5,957	5,957
Auditors' remuneration:		
- audit fees – Grant Thornton UK LLP	60	58
Service charge	82,572	67,435

The service charge payable includes a charge for the services of the members of Deloitte & Touche LLP.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000
UK corporation tax	4,025	1,963
Adjustment in respect of prior periods	488	126
Total current tax	4,513	2,089
Deferred taxation – timing differences	495	15
Tax on profit on ordinary activities	5,008	2,104

The differences between the total current tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Profit on ordinary activities before tax	7,796	4,783
Tax on profit on ordinary activities at 30% (2005: 30%)	2,339	1,435
Factors affecting charge for the year:		
- capital allowances in excess of depreciation	(230)	(486)
- disallowable expenditure	1,916	1,014
- adjustment in respect of prior periods	488	126
Total current tax	4,513	2,089

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2006

7. TANGIBLE FIXED ASSETS

	Freehold property £'000	Fixtures and fittings £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 June 2005	-	691	18,737	19,428
Additions	476	-	180	656
Disposals	-	(100)	-	(100)
At 31 May 2006	476	591	18,917	19,984
Depreciation				
At 1 June 2005	-	118	3,081	3,199
Charge for the year	1	57	1,264	1,322
At 31 May 2006	1	175	4,345	4,521
Net book value				
At 31 May 2006	475	416	14,572	15,463
At 31 May 2005	-	573	15,656	16,229

8. INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost	
At 1 June 2005	4,261
Additions	2,018
At 31 May 2006	6,279
Provision	
At 1 June 2005 and at 31 May 2006	1,660
Net book value	
At 31 May 2006	4,619
At 31 May 2005	2,601

On 1 December 2005 the company took effective control of 100% of the issued share capital of Deloitte Consulting GmbH for consideration of £2,018,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2006

7. INVESTMENTS (continued)

At 31 May 2006, the company had an interest in the following subsidiaries; all of which are registered in England and Wales except where stated:

	Activity	Holding
Direct		
Deloitte Consulting GmbH (incorporated in Switzerland)	Management Consulting	100%
Praxis Software Engineering Limited	Holding company	100%
ICSD Holdings Limited	Holding company	100%
Indirect		
Praxis Limited	Non trading	100%
Praxis Pension Trustees Limited	Trustee company	100%
Program Validation Limited	Dormant	100%
Praxis Systems Limited	Dormant	100%
Praxis Warwick Limited	Dormant	100%
Praxis South East Limited	Dormant	100%
Praxis Business Systems Limited	Dormant	100%

The profit / (loss) after tax and share capital and reserves at the balance sheet date were as follows:

	Profit / (loss) after tax £'000	Share capital and reserves £'000
Deloitte Consulting GmbH	37	1,811
Praxis Software Engineering Limited	-	2,601
ICSD Holdings Limited	-	-
Praxis Limited	-	2,524
Praxis Pension Trustees Limited	-	-
Program Validation Limited	-	349
Praxis Systems Limited	-	42
Praxis Warwick Limited	-	48
Praxis South East Limited	-	(595)
Praxis Business Systems Limited	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2006

9. DEBTORS

	2006	2005
	£'000	£'000
Amounts to be billed to clients	10,635	7,275
Client debtors	60,672	71,729
Amounts due from other group undertakings	715	-
Amounts due from other member firms of the DTT organisation	4,163	-
Other debtors	1,926	1,703
Prepayments and accrued income	1,277	1,924
	<u>79,388</u>	<u>82,631</u>

10. CREDITORS: amounts falling due within one year

	2006	2005
	£'000	£'000
Bank overdraft	-	246
Trade creditors	4,618	-
Amounts owed to other group undertakings	62,117	68,950
Amounts due to other member firms of the DTT organisation	7,977	-
Corporation tax	180	1,357
Social security and other taxes	7,371	5,881
Accruals and deferred income	6,737	18,363
	<u>89,000</u>	<u>94,797</u>

11. PROVISIONS FOR LIABILITIES

	2006	2005
	£'000	£'000
Deferred taxation		
At 1 June 2005	771	756
Profit and loss account charge	495	15
	<u>1,266</u>	<u>771</u>
At 31 May 2006		
Provision for deferred tax consists of:		
Capital allowances in excess of depreciation	1,266	771
	<u>1,266</u>	<u>771</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2006

12. CALLED UP SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised:		
10,000,000 ordinary shares of £1 each	10,000	10,000
Called up, allotted and fully paid:		
4,260,526 ordinary shares of £1 each	4,261	4,261

13. STATEMENT OF MOVEMENT ON RESERVES

	Profit and loss account £'000
At 1 June 2005	2,201
Profit for the year	2,788
At 31 May 2006	4,989

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2006 £'000	2005 £'000
Profit for the year	2,788	2,679
Net addition to shareholder's funds	2,788	2,679
Opening shareholder's funds	6,462	3,783
Closing shareholder's funds	9,250	6,462

15. LEASING COMMITMENTS

At 31 May 2006, the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 2006 £'000	Other 2006 £'000	Land and buildings 2005 £'000	Other 2005 £'000
Leases which expire:				
In more than five years	5,957	-	5,957	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2006

16. CAPITAL COMMITMENTS

At 31 May 2006 there were no capital commitments contracted for but not provided (2005: £nil).

17. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 May 2006 (2005: £Nil).

18. PENSION COMMITMENTS

Deloitte MCS Limited ("DMCS") is a participating employer in the Deloitte & Touche UK Pension Scheme (the "D&TUKPS") - the principal pension scheme operated by Deloitte & Touche LLP through which benefits are provided to staff. The assets of the D&TUKPS are held separately from those of both DMCS and Deloitte & Touche LLP in a trustee administered fund. The D&TUKPS comprises three sections of which two, the Final Salary Section and the Deloitte & Touche Pension Fund Section are defined benefit arrangements and one, the Money Purchase Section is a defined contribution arrangement. DMCS is also a participating employer in the Deloitte & Touche Retirement Plan which is a contracted-out money purchase scheme. From 1 January 2006 DTRB has made contributions to the stakeholder plans offered by the group.

Final Salary Section

The Final Salary Section (FSS) provides defined benefits based on a member's final salary. This is a defined benefit multi-employer scheme, assets and liabilities of which are held independently of the group. DMCS is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly financial statements for the scheme as a defined contribution scheme.

The group scheme is currently in deficit. Full details of the net liabilities of the total scheme and the assumptions used are included in Note 23 to the group accounts.

Contributions to the FSS for the year ended 31 May 2006 were £1,568,128 (2005: £1,294,163) and the agreed employer contribution rate for the next 5 years is 22.4%, this rate is subject to an annual review.

The FSS of the D&TUKPS was closed to new members with effect from 1 June 2001, when all eligible employees aged over 30 were invited to join the Money Purchase Section.

Money Purchase Section

The Money Purchase Section (MPS) provides benefits based on defined contributions. Employees have the choice of four investment vehicles and are also able to make Additional Voluntary Contributions.

The employee contribution rate is 4% of Basic Salary and the employers' contribution rate is 4% of Basic Salary for all employees aged 30 to 39 and 6% of Basic Salary for all employees aged 40 or over, in both cases the maximum payable is restricted to the Earnings Cap (for the year ended 5 April 2006 £105,600 and 5 April 2007 £108,600). A review takes place annually to determine the future contribution rate.

A salary sacrifice arrangement exists for members of the MPS such that the employer contributions total 105% of the member's salary sacrifice plus the relevant age related employer contribution.

DMCS's pension cost in respect of the MPS for the year ended 31 May 2006 was £1,051,740 (2005: £826,604).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2006

18. PENSION COMMITMENTS (continued)

Deloitte & Touche Pension Fund Section

The Deloitte & Touche Pension Fund Section (the "D&TPFS") provides defined benefits based on a member's final salary. This is a defined benefit multi-employer scheme, assets and liabilities of which is held independently of the group. DMCS is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly financial statements for the scheme as a defined contribution scheme.

The Deloitte & Touche Pension Fund (the "D&TPF") operated as a separate pension scheme until it was merged with the D&TUKPS in May 2004. It was closed to new members from July 2002.

The group scheme is currently in deficit. Full details of the net liabilities of the total scheme and the assumptions used are included in Note 23 to the group accounts.

Contributions to the D&TPFS for the year ended 31 May 2006 were £49,844 (2005: £32,050) and the agreed employer contribution rate for the next 5 years is 19.9%, this rate is subject to an annual review.

Deloitte & Touche Retirement Plan

The Deloitte & Touche Retirement Plan (the "D&TRP") is a contracted-out money purchase scheme, which closed to new members in July 2002. Contributions to the scheme are made by means of a salary sacrifice arrangement by which members are required to make an age-related salary sacrifice of between 0% and 5% of Pensionable Salary and the employer contributes 105% of the member's salary sacrifice. In addition, the employer makes age-related supplementary contributions of between 0% and 10% of Pensionable Salary. Supplementary contributions in respect of members not participating in a salary sacrifice arrangement are between 0% and 5% of Pensionable Salary for employees and between 0% and 10% of Pensionable Salary for the employer.

Employees can also elect to pay Additional Voluntary Contributions as either a percentage of salary or a fixed amount and these contributions do not form part of the salary sacrifice arrangements.

DMCS's pension cost in respect of the D&TRP for the year ended 31 May 2006 was £352,706 (2005: £410,933).

Stakeholder Pension Scheme

The Firm offers a choice of two stakeholder plans. These are open to all employees but are mainly of interest to those under age 30. The employee contribution rate is 4% of Basic Salary and the employers' contribution rate is 4% of Basic Salary for all employees.

DMCS's pension cost in respect of the stakeholder plans for the year ended 31 May 2006 was £242,535 (2005: £nil).

The company also operates two other money purchase schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost for the year of £121,726 (2005: £140,403) represents the contributions payable by the company under the rules of the arrangements.

19. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary, the company has taken advantage of the exemption not to disclose related party transactions with fellow group entities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2006

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is D&T Consulting Holdings Limited. The largest and smallest group for which consolidated financial statements are prepared is that headed by Deloitte & Touche LLP, the ultimate parent undertaking and controlling party, which consolidate the results of Deloitte MCS Limited. The financial statements of Deloitte & Touche LLP are publicly available and can be obtained from The Registrar of Companies, Companies House, Maindy, Cardiff.