

DELOITTE MCS LIMITED

Report and Financial Statements

31 May 2009

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REPORT AND FINANCIAL STATEMENTS 2009

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REPORT AND FINANCIAL STATEMENTS 2009

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
33 Old Broad Street
London
EC2N 1HZ

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

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 2009

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Deloitte LLP and operates as part of the group's consulting division

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

The principal activity of the company is the provision of consulting services. 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 6, the company's revenue has increased by 4% over the prior year and profit after tax has reduced by 89%.

The balance sheet on page 7 of the financial statements shows that the company's financial position, in net asset terms, has improved.

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

The Deloitte 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 2009 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 currencies. 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 2009 which does not form part of this Report.

RESULTS AND DIVIDENDS

Revenue for the year was £408,756,000 (2008 £394,910,000). The profit for the year before taxation was £570,000 (2008 £6,116,000).

At 31 May 2009 shareholder's funds were £19,109,000 (2008 £18,487,000). The directors do not recommend the payment of a dividend for the year (2008 £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.

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 as members of Deloitte LLP, all the directors at 31 May 2009 had an indirect beneficial interest in the share capital of the company.

ENVIRONMENT

The Deloitte 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 group's Annual Report for the year ended 31 May 2009 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 3 to the financial statements on page 10.

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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware, each of the persons who is a director at the date of the approval of this report confirms that

- 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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

AUDITORS

Grant Thornton UK LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

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

14 January 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DELOITTE MCS LIMITED

We have audited the financial statements of Deloitte MCS Limited for the year ended 31 May 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Stephen Maslin

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

14 January 2010

PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2009

	Note	2009 £'000	2008 £'000
REVENUE	2	408,756	394,910
OPERATING COSTS			
External charges expenses and disbursements on client assignments		(70,084)	(69,272)
Staff costs	3	(150,493)	(142,760)
Depreciation and other amounts written off tangible fixed assets		(2,031)	(1,398)
Other operating expenses		(185,754)	(175,501)
OPERATING PROFIT		394	5,979
Net Interest receivable/(payable)	4	176	137
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	570	6,116
Taxation on profit on ordinary activities	6	52	(446)
PROFIT FOR THE FINANCIAL YEAR	13	622	5,670

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, and accordingly no statement of total recognised gains and losses is presented

BALANCE SHEET
As at 31 May 2009

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible assets	7	27,529	18,662
Investments	8	2,601	2,601
		<u>30,130</u>	<u>21,263</u>
CURRENT ASSETS			
Debtors	9	73,149	85,093
Cash at bank and in hand		6,782	2,027
		<u>79,931</u>	<u>87,120</u>
CREDITORS: amounts falling due within one year	10	<u>(88,980)</u>	<u>(88,292)</u>
NET CURRENT LIABILITIES		<u>(9,049)</u>	<u>(1,172)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>21,081</u>	<u>20,091</u>
PROVISIONS FOR LIABILITIES	11	<u>(1,972)</u>	<u>(1,604)</u>
NET ASSETS		<u>19,109</u>	<u>18,487</u>
CAPITAL AND RESERVES			
Called up share capital	12	4,261	4,261
Profit and loss account	13	14,848	14,226
SHAREHOLDER'S FUNDS	14	<u>19,109</u>	<u>18,487</u>

These financial statements were approved by the Board of Directors on 14 January 2010

Signed on behalf of the Board of Directors



R W Warburton
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

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 throughout the year and the preceding, are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Consolidation

Under section 400 of the Companies Act 2006, the company has not prepared group financial statements because at 31 May 2009, 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 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 LLP.

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

Cash flow statement

The company has taken advantage of the exemption rules under FRS 1 'Cash Flow Statements' and has not prepared a cash flow statement as the results of Deloitte MCS Limited are consolidated into the accounts of Deloitte LLP.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. 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

Fixed asset investments are shown 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 2009****1. ACCOUNTING POLICIES (continued)****Current taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

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

The Deloitte LLP group, of which Deloitte MCS Limited is a wholly owned subsidiary, operated two main pension schemes for staff in which Deloitte MCS Limited participated, the Deloitte Pension Scheme and the Deloitte Retirement Plan. The Deloitte UK Pension Scheme contains two sections, the final salary section which is closed to new entrants and the money purchase section which is open to staff over the age of 30. The Deloitte Retirement Plan is a money purchase scheme which is also closed to new entrants. As of 31 May 2009 the Deloitte Retirement Plan members were transferred to the Retirement Plan section of the Deloitte UK Pension Scheme. The group also operates a stakeholder arrangement which is available for all employees including those of Deloitte MCS Limited

The assets and liabilities of the pension schemes are held independently from the group

Contributions to the defined contribution schemes 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 MCS Limited assets and liabilities in the scheme on a consistent and reasonable basis

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

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:

	2009 £'000	2008 £'000
United Kingdom	317,774	347,171
Other EU	39,860	22,960
North America	42,340	21,653
Rest of World	8,782	3,126
	<u>408,756</u>	<u>394,910</u>

3. STAFF COSTS

Employees

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

	2009 No.	2008 No.
Fee earning staff	1,759	1,750
Support staff	103	89
	<u>1,862</u>	<u>1,839</u>

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

	2009 £'000	2008 £'000
Salaries	131,284	123,330
Social security costs	14,999	14,133
Other pension costs	4,210	5,297
	<u>150,493</u>	<u>142,760</u>

Directors

During the current and prior year all of the directors were remunerated as members of Deloitte 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 LLP made no charge to the company in respect of the directorships during the current or preceding year.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 May 2009****4 INTEREST RECEIVABLE/(PAYABLE)**

	2009	2008
	£'000	£'000
Bank interest receivable	176	176
Bank interest payable	-	(39)
	<u>176</u>	<u>137</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**Profit on ordinary activities before taxation is after charging:**

	2009	2008
	£'000	£'000
Depreciation and amortisation on owned assets		
- tangible fixed assets	2,031	1,398
Operating leases payments		
- land and buildings	6,065	6,065
Auditors' remuneration		
- audit fees – Grant Thornton UK LLP	60	60
Service charge	113,461	116,212
Net foreign exchange loss/(gain)	3,253	(3,028)
	<u>116,750</u>	<u>130,705</u>

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

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2009	2008
	£'000	£'000
Total current tax	11,092	5,408
Compensating payment due from members of Deloitte LLP	(11,269)	(3,568)
Adjustment in respect of prior periods	(243)	(1,514)
	<u>(420)</u>	<u>326</u>
Deferred taxation – timing differences	368	120
	<u>(52)</u>	<u>446</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

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	570	6,116
Tax on profit on ordinary activities at 28% (2008 29.67%)	160	1,814
Factors affecting charge for the year		
Adjustment in respect of prior periods	(243)	(1,514)
- capital allowances in excess of depreciation	(116)	(152)
- disallowable expenditure	199	178
- R&D tax relief credit	(420)	-
Deferred taxation – timing differences	368	120
Total current tax	(52)	446

The UK corporation tax charge includes an additional amount as a result of UK transfer pricing legislation. The cost of this is offset by a compensating payment from the members of Deloitte LLP.

7. TANGIBLE FIXED ASSETS

	Freehold property £'000	Fixtures and fittings £'000	Leasehold improvements £'000	Total £'000
Cost				
At 31 May 2009	1,196	601	24,125	25,922
Additions	-	4	10,895	10,899
Disposals	-	(1)	-	(1)
At 31 May 2009	1,196	604	35,020	36,820
Depreciation				
At 1 June 2008	67	295	6,898	7,260
Charge for the year	10	60	1,961	2,031
At 31 May 2009	77	355	8,859	9,291
Net book value				
At 31 May 2009	1,119	249	26,161	27,529
At 31 May 2008	1,129	306	17,227	18,662

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

8. INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost	
At 1 June 2008 and at 31 May 2009	4,261
Provision	
At 1 June 2008 and at 31 May 2009	1,660
Net book value	
At 31 May 2009	2,601
At 31 May 2008	2,601

At 31 May 2009, the company had an interest in the following subsidiaries, all of which are registered in England and Wales except where stated

	Activity	Holding
Direct		
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

	Loss after tax £'000	Share capital and reserves £'000
Praxis Software Engineering Limited	-	2,601
Praxis Limited	-	2,524
Program Validation Limited	-	349
Praxis Systems Limited	-	42
Praxis Warwick Limited	-	48
Praxis South East Limited	-	(595)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2009

9. DEBTORS

	2009	2008
	£'000	£'000
Amounts to be billed to clients	16,980	16,196
Client debtors	53,949	50,397
Amounts due from other group undertakings	285	11,071
Amounts due from other member firms of the DTT organisation	1,519	6,744
Other debtors	79	-
Prepayments and accrued income	337	685
	<u>73,149</u>	<u>85,093</u>

10 CREDITORS: amounts falling due within one year

	2009	2008
	£'000	£'000
Trade creditors	785	1,205
Amounts owed to other group undertakings	72,018	71,299
Amounts due to other member firms of the DTT organisation	1,211	201
Corporation tax	7,991	2,823
Social security and other taxes	3,896	8,268
Other creditors	638	1,143
Accruals and deferred income	2,441	3,353
	<u>88,980</u>	<u>88,292</u>

11 PROVISIONS FOR LIABILITIES

	2009	2008
	£'000	£'000
Deferred taxation		
At 1 June 2009	1,604	1,484
Profit and loss account charge	368	120
	<u>1,972</u>	<u>1,604</u>
At 31 May 2009		
Provision for deferred tax consists of		
Capital allowances in excess of depreciation	1,972	1,604
	<u>1,972</u>	<u>1,604</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2009

12. CALLED UP SHARE CAPITAL

	2009 £'000	2008 £'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 2008	14,226
Profit for the year	622
At 31 May 2009	14,848

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2009 £'000	2008 £'000
Profit for the year	622	5,670
Net addition to shareholder's funds	622	5,670
Opening shareholder's funds	18,487	12,817
Closing shareholder's funds	19,109	18,487

15. LEASING COMMITMENTS

At 31 May 2009, the company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings 2009 £'000	Land and buildings 2008 £'000
Leases which expire Within two to five years	565	565
Over five years	5,500	5,500
	6,065	6,065

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

16 CAPITAL COMMITMENTS

At 31 May 2009 Capital commitment contracted for but not provided was £0.5m (2008 £7m) which relates to the refurbishment of Athene Place

17. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 May 2009 (2008 £Nil)

18 RETIREMENT BENEFITS

Defined contribution schemes

The Deloitte LLP group, of which Deloitte MCS Limited is a wholly owned subsidiary, operated two main defined contribution schemes during the year for all employees aged 30 and over in which Deloitte MCS Limited participates. The assets of the scheme are held partly within the Money Purchase Section (MPS), the open section of the Deloitte UK Pension Scheme (DUKPS) and partly in the Deloitte Retirement Plan (DRP) a closed scheme. As of 31 May 2009 the Deloitte Retirement Plan members were transferred to the Retirement Plan section of the DUKPS. The group also operates a stakeholder arrangement which is available for all employees. A number of smaller closed pensions 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 £2,982,852 (2008 £3,743,758) represents contributions payable to these schemes by Deloitte MCS Limited. As at 31 May 2008, contributions of £521,002 (2008 £490,800) relating to May payroll deductions had not been paid over to the schemes but were paid in June 2009 in accordance with the scheme rules.

Defined benefit schemes

Deloitte MCS Limited is a participating employer in the Final Salary Section (FSS) of the Deloitte UK Pension Scheme. This defined benefit section of the scheme, which is closed to new members, is administered and funded on a group basis, with contributions made in accordance with the overall fund. It is not possible to identify the Deloitte MCS Limited assets and liabilities in the scheme on a consistent and reasonable basis. Therefore Deloitte MCS Limited 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 Deloitte MCS Limited balance sheet.

The defined benefit scheme has a deficit of £234m as at 31 May 2009 (2008 £67m). Full details of the net liabilities of the total scheme and the assumptions used to determine this are included in Note 18 to the group accounts.

Contributions made by Deloitte MCS Limited to the defined benefit scheme for the year ended 31 May 2009 were £1,227,128 (2008 £1,553,140). The agreed employer contribution rates for the three sub-sections of the FSS from 1 January 2008 until 31 December 2014 are 18.9%, 22.4% and 17.4% respectively. These rates will be subject to annual review.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2009

19. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary, the company has taken advantage of the exemption available under FRS 8 'Related Party Transactions' not to disclose related party transactions with fellow group entities

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 LLP, the ultimate parent undertaking and controlling party, which consolidate the results of Deloitte MCS Limited. The financial statements of Deloitte LLP are publicly available and can be obtained from The Registrar of Companies, Companies House, Maindy, Cardiff.