

**Company Registration No. 3311052**

**DELOITTE MCS LIMITED**

**Report and Financial Statements**

**31 May 2010**

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COMPANIES HOUSE

**REPORT AND FINANCIAL STATEMENTS 2010**

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**REPORT AND FINANCIAL STATEMENTS 2010**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J P Connolly  
D H Owen  
R W Warburton  
S R Counsell

**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 2010

### 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 decreased slightly over the prior year but profit after tax has increased.

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

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 2010 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 2010 which does not form part of this Report.

### RESULTS AND DIVIDENDS

Revenue for the year was £367,348,000 (2009 £408,756,000). The profit for the year before taxation was £481,000 (2009 £570,000).

At 31 May 2010 shareholder's funds were £20,172,000 (2009 £19,109,000). The directors do not recommend the payment of a dividend for the year (2009 £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  
S R Counsell (appointed on 18 January 2010)

None of the directors had a beneficial interest in the share capital of the company at 31 May 2010 or any other group company except as a member of Deloitte LLP and therefore had an indirect beneficial interest in the share capital of the company. R W Warburton ceased to be a member of Deloitte LLP on 30 September 2009.

### **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 2010 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

### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 company will continue in business

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### 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



S R Counsell  
Duly authorised, for and on behalf of  
Stonecutter Limited  
Secretary

11 October 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 2010 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](http://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 2010 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

11 October 2010

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 May 2010**

	<b>Note</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>REVENUE</b>	2	367,348	408,756
<b>OPERATING COSTS</b>			
External charges expenses and disbursements on client assignments		(62,434)	(70,084)
Staff costs	3	(147,382)	(150,493)
Depreciation and other amounts written off tangible fixed assets		(2,677)	(2,031)
Other operating expenses		(154,333)	(185,754)
<b>OPERATING PROFIT</b>		522	394
Net Interest (payable)/receivable	4	(41)	176
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	481	570
Taxation on profit on ordinary activities	6	582	52
<b>PROFIT FOR THE FINANCIAL YEAR</b>	14	1,063	622

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

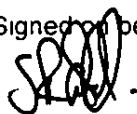


**BALANCE SHEET**  
**As at 31 May 2010**

	Note	2010 £'000	2009 £'000
<b>FIXED ASSETS</b>			
Intangible asset	7	2,410	-
Tangible assets	8	25,637	27,529
Investments	9	2,601	2,601
		<u>30,648</u>	<u>30,130</u>
<b>CURRENT ASSETS</b>			
Debtors	11	84,050	73,149
Cash at bank and in hand		47,865	6,782
		<u>131,915</u>	<u>79,931</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(140,955)</u>	<u>(88,980)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(9,040)</u>	<u>(9,049)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>21,608</u>	<u>21,081</u>
<b>PROVISION FOR LIABILITIES</b>	13	<u>(1,436)</u>	<u>(1,972)</u>
<b>NET ASSETS</b>		<u>20,172</u>	<u>19,109</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	4,261	4,261
Profit and loss account	15	15,911	14,848
<b>SHAREHOLDER'S FUNDS</b>	16	<u>20,172</u>	<u>19,109</u>

These financial statements were approved by the Board of Directors on 11 October 2010

Signed on behalf of the Board of Directors



S R Counsell  
Director

Deloitte MCS Limited, Registered Number 3311052

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 May 2010

#### 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.

##### **Going concern**

The Board of Directors has, at the time of approving the financial statements, a reasonable expectation that Deloitte MCS Limited has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

##### **Consolidation**

Under section 400 of the Companies Act 2006, the company has not prepared group financial statements because at 31 May 2010, 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.

##### **Intangible assets – goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life, which is 7 years. Provision is made for any impairment.

##### **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.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 May 2010

#### 1. ACCOUNTING POLICIES (continued)

##### 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.

##### 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 2010 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 2010

#### 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:

	2010 £'000	2009 £'000
United Kingdom	286,532	317,774
Other EU	25,714	39,860
North America	40,408	42,340
Rest of World	14,694	8,782
	<u>367,348</u>	<u>408,756</u>

#### 3. STAFF COSTS

##### Employees

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

	2010 No	2009 No
Fee earning staff	1,715	1,759
Support staff	92	103
	<u>1,807</u>	<u>1,862</u>

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

	2010 £'000	2009 £'000
Salaries	128,001	131,284
Social security costs	14,575	14,999
Other pension costs	4,806	4,210
	<u>147,382</u>	<u>150,493</u>

##### Directors

All of the directors, except R W Warburton, were remunerated as members of Deloitte LLP. Except for R W Warburton none of the directors received any remuneration, from any source, for their services as directors of the company during the current or preceding year.

During the current year R W Warburton was remunerated by Deloitte LLP up until 31 January 2010, and then Deloitte Limited thereafter, for his services as a director of a number of entities owned, either directly or indirectly, by Deloitte LLP. It is not practicable to allocate his remuneration between that earned between the entities in which he served as a director. Therefore, neither Deloitte LLP nor Deloitte Limited made any charge to other group companies in respect of his directorship or his services provided during the current year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 May 2010**

**4. INTEREST (PAYABLE)/RECEIVABLE**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable and similar income	139	176
Interest payable and similar charges	(180)	-
	<u>(41)</u>	<u>176</u>

**5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is after charging:

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation and amortisation on owned assets		
- tangible fixed assets	2,677	2,031
Amortisation of goodwill	120	-
Operating leases payments		
- land and buildings	6,065	6,065
Auditors' remuneration		
- audit fees – Grant Thornton UK LLP	60	60
Service charge	95,637	113,461
Net foreign exchange (gain)/loss	<u>(3,521)</u>	<u>3,253</u>

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

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Total current tax	10,149	11,092
Compensating payment due from members of Deloitte LLP	(10,101)	(11,269)
Adjustment in respect of prior periods	<u>(94)</u>	<u>(243)</u>
Total current tax	(46)	(420)
Deferred taxation – timing differences	<u>(536)</u>	<u>368</u>
Tax on profit on ordinary activities	<u>(582)</u>	<u>(52)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 May 2010

#### 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	481	570
Tax on profit on ordinary activities at 28% (2009 28%)	135	160
Factors affecting charge for the year		
Adjustment in respect of prior periods	(94)	(243)
Capital allowances in excess of depreciation	163	(116)
Disallowable expenditure	170	199
R&D tax relief credit	(420)	(420)
Total current tax	(46)	(420)

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. INTANGIBLE FIXED ASSETS

	Total £'000
<b>Cost</b>	
At 1 June 2009	-
Additions	2,530
At 31 May 2010	2,530
<b>Amortisation</b>	
At 1 June 2009	-
Charge for the year	120
At 31 May 2010	120
<b>Net book value</b>	
At 31 May 2010	2,410

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 May 2010**

**8. TANGIBLE FIXED ASSETS**

	<b>Freehold property £'000</b>	<b>Furniture and equipment £'000</b>	<b>Leasehold improvements £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 June 2009	1,196	604	35,020	36,820
Additions	2	3	840	845
Acquisition of business	-	78	-	78
Disposals	-	-	(465)	(465)
At 31 May 2010	<u>1,198</u>	<u>685</u>	<u>35,395</u>	<u>37,278</u>
<b>Depreciation</b>				
At 1 June 2009	77	355	8,859	9,291
Charge for the year	13	88	2,576	2,677
Disposals	-	-	(327)	(327)
At 31 May 2010	<u>90</u>	<u>443</u>	<u>11,108</u>	<u>11,641</u>
<b>Net book value</b>				
At 31 May 2010	<u>1,108</u>	<u>242</u>	<u>24,287</u>	<u>25,637</u>
At 31 May 2009	<u>1,119</u>	<u>249</u>	<u>26,161</u>	<u>27,529</u>

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 31 May 2010

### 9. INVESTMENTS

	Shares in subsidiary undertakings £'000
<b>Cost</b>	
At 1 June 2009 and at 31 May 2010	4,261
<b>Provision</b>	
At 1 June 2009 and at 31 May 2010	1,660
<b>Net book value</b>	
At 31 May 2010	2,601
At 31 May 2009	2,601

At 31 May 2010, the company had an interest in the following subsidiaries, all of which are registered in England and Wales except where stated

	Activity	Holding
<b>Direct</b>		
Praxis Software Engineering Limited	Holding company	100%
ICSD Holdings Limited	Holding company	100%
<b>Indirect</b>		
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 2010

#### 10 ACQUISITION OF A BUSINESS

On 1 February 2010 Deloitte MCS Limited acquired the assets and liabilities of ReportSource for cash consideration of £2,732,000 which resulted in goodwill of £2,530,000

ReportSource is the largest UK-based Hyperion consultancy. Its integration now makes Deloitte MCS Limited a leading provider of Enterprise Practice Management advisory services in the UK.

ReportSource contributed £1,600,000 to revenue and £100,000 to profit before tax for the period between the date of acquisition and the balance sheet date. Turnover and operating profit relating to the acquisition have not been analysed on the face of the profit and loss account as these amounts are not considered material in terms of the overall performance of Deloitte MCS Limited.

Acquisitions are accounted for under the acquisition method.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value.

	<b>Book and Fair Value £'000</b>
Net assets acquired	
Tangible fixed assets	78
Client debtors and other receivables	1,455
Trade and other payables	(1,331)
	<u>202</u>
Goodwill	<u>2,530</u>
Total cash consideration	<u><u>2,732</u></u>
Net cash outflows in respect of the acquisition comprised	
Cash consideration	2,732
Cash at bank and in hand acquired	-
	<u><u>2,732</u></u>

#### 11. DEBTORS

	<b>2010 £'000</b>	<b>2009 £'000</b>
Amounts to be billed to clients	17,072	16,980
Client debtors	60,328	53,949
Amounts due from other group undertakings	2,626	285
Amounts due from other member firms of the DTTL organisation	3,716	1,519
Other debtors	10	79
Prepayments and accrued income	298	337
	<u><u>84,050</u></u>	<u><u>73,149</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 May 2010**

**12. CREDITORS: amounts falling due within one year**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	327	785
Amounts owed to other group undertakings	128,746	72,018
Amounts due to other member firms of the DTTL organisation	584	1,211
Corporation tax	2,527	7,991
Social security and other taxes	3,481	3,896
Other creditors	1,568	638
Accruals and deferred income	3,722	2,441
	<u>140,955</u>	<u>88,980</u>

**13. PROVISIONS FOR LIABILITIES**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Deferred taxation</b>		
At 1 June 2009	1,972	1,604
Profit and loss account (credit) / charge	(536)	368
	<u>1,436</u>	<u>1,972</u>
At 31 May 2010		
Provision for deferred tax consists of		
Capital allowances in excess of depreciation	1,436	1,972
	<u>1,436</u>	<u>1,972</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 May 2010**

**14. CALLED UP SHARE CAPITAL**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Authorised 10,000,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Called up, allotted and fully paid 4,260,526 ordinary shares of £1 each	<u>4,261</u>	<u>4,261</u>

**15. STATEMENT OF MOVEMENT ON RESERVES**

	<b>Profit and loss account £'000</b>
At 1 June 2009	14,848
Profit for the year	1,063
At 31 May 2010	<u>15,911</u>

**16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Profit for the year	<u>1,063</u>	<u>622</u>
Net addition to shareholder's funds	1,063	622
Opening shareholder's funds	<u>19,109</u>	<u>18,487</u>
Closing shareholder's funds	<u>20,172</u>	<u>19,109</u>

**17. LEASING COMMITMENTS**

At 31 May 2010, the company was committed to making the following payments during the next year in respect of operating leases

	<b>Land and buildings 2010 £'000</b>	<b>Land and buildings 2009 £'000</b>
Leases which expire Within two to five years	565	565
Over five years	<u>5,500</u>	<u>5,500</u>
	<u>6,065</u>	<u>6,065</u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 May 2010

#### 18. CAPITAL COMMITMENTS

At 31 May 2010 Capital commitment contracted for but not provided was £Nil (2009 £0.5m)

#### 19. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 May 2010 (2009 £Nil)

#### 20. 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 2010 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 £3,384,320 (2009 £2,982,852) represents contributions payable to these schemes by Deloitte MCS Limited. As at 31 May 2010, contributions of £347,496 (2009 £521,002) relating to May payroll deductions had not been paid over to the schemes but were paid in June 2010 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 £160m as at 31 May 2010 (2009 £224m). Full details of the net liabilities of the total scheme and the assumptions used to determine this are included in note 10 to the accounts of Deloitte LLP.

Contributions made by Deloitte MCS Limited to the defined benefit scheme for the year ended 31 May 2010 were £1,422,237 (2009 £1,227,128). The agreed employer contribution rates for the three sub-sections of the FSS from 23 March 2010 until 31 December 2014 will be 17.8%, (previously 18.9%). These rates will be subject to annual review.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 May 2010**

**21. 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

**22. 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.