

**DELOITTE MCS LIMITED**

**Report and Financial Statements**

**31 May 2014**



**REPORT AND FINANCIAL STATEMENTS 2014**

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## REPORT AND FINANCIAL STATEMENTS 2014

### OFFICERS AND PROFESSIONAL ADVISERS

#### DIRECTORS

G Bunting  
S Griggs

#### 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

## **STRATEGIC REPORT**

The directors, in preparing this Strategic Report, have complied with Section 414C of the Companies Act 2006.

### **REVIEW OF THE BUSINESS**

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.

The company is a subsidiary of Deloitte 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 LLP.

The profit for the year before taxation was £36,221,000 (2013: £649,000).

At 31 May 2014 shareholder's funds were £49,958,000 (2013: £20,852,000). The directors do not recommend the payment of a dividend for the year (2013: £nil).

As shown in the company's profit and loss account on page 7, the company's revenue has increased by 9% over the prior year.

The balance sheet on page 8 of the financial statements shows that the company's financial position, in net asset terms, has increased compared to the prior year.

Overall, the directors consider the performance of the company satisfactory and expect it to continue to perform satisfactorily.

### **KEY PERFORMANCE INDICATORS**

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 Financial Statements for the year ended 31 May 2014 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 principally arises 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 company has no third party debt and therefore no interest rate exposure.

Group risks are discussed in the Group's Financial Statements for the year ended 31 May 2014 which does not form part of this report.

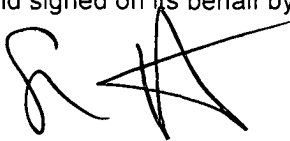
## STRATEGIC REPORT

### FUTURE DEVELOPMENTS

The directors expect the general level of activity during 2015 to remain constant with 2014.

There are no events since the balance sheet date which have been disclosed in Financial Statements.

Approved by the Board of Directors  
and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'S Griggs', written over a horizontal line.

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

29 September 2014

## **DIRECTORS' REPORT**

The directors present the annual report and the audited financial statements of the company for the year ended 31 May 2014.

### **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:

G Bunting  
S Griggs  
R W Warburton – (resigned 31 December 2013)

None of the directors had a beneficial interest in the share capital of the company at 31 May 2014 or any other group company apart from as a member of Deloitte LLP, except R W Warburton, and therefore 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 2014 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 11.

### **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.

## DIRECTORS' REPORT

### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report and Report and 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 adequate 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 confirm that:

- in so far as each of 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 have indicated their willingness to be reappointed for another term.

Approved by the Board of Directors  
and signed on its behalf by:



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

29 September 2014

# **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 2014 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 Chapter 3 of Part 16 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 5, 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 and express an opinion on 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 Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## **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 2014 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.

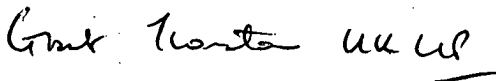
## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and 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.



Simon Bevan

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

29 September 2014



**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 May 2014**

	Note	2014 £'000	2013 £'000
<b>REVENUE</b>	2	574,659	529,276
<b>OPERATING COSTS</b>			
External charges: expenses and disbursements on client assignments		(87,777)	(76,540)
Staff costs	3	(237,293)	(225,003)
Other operating expenses		(213,386)	(227,088)
<b>OPERATING PROFIT</b>		36,203	645
Net interest receivable	4	18	4
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	36,221	649
Taxation on profit on ordinary activities	6	(7,115)	(1,072)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	14	29,106	(423)

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 2014**

	Note	2014 £'000	2013 £'000
<b>FIXED ASSETS</b>			
Intangible assets	7	970	1,330
Tangible assets	8	19,320	21,931
Investments	9	2,601	2,601
		<u>22,891</u>	<u>25,862</u>
<b>CURRENT ASSETS</b>			
Debtors	10	130,068	125,961
Cash at bank and in hand		2,096	2,485
Deferred tax	12	371	-
		<u>132,535</u>	<u>128,446</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(105,468)</u>	<u>(132,500)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>27,067</u>	<u>(4,054)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>49,958</u>	<u>21,808</u>
<b>PROVISION FOR LIABILITIES</b>	12	<u>-</u>	<u>(956)</u>
<b>NET ASSETS</b>		<u>49,958</u>	<u>20,852</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	4,261	4,261
Profit and loss account	14	45,697	16,591
<b>SHAREHOLDER'S FUNDS</b>	15	<u>49,958</u>	<u>20,852</u>

These financial statements of Deloitte MCS Limited, registered number 3311052, were approved by the Board of Directors and authorised for issue on 29 September 2014.

Signed on behalf of the Board of Directors



S Griggs  
Director

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2014

### 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 current and preceding financial year, 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 2014, 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 Group 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 Group Financial Statements 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 all assets, except freehold land, in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold property	Over 50 years
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.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 May 2014

#### 1. ACCOUNTING POLICIES (continued)

##### Revenue

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.

##### 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 year-end are translated at the exchange rate ruling at the balance sheet date. All translation differences are recorded 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 substantively 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.

**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 May 2014****1. ACCOUNTING POLICIES (continued)****Retirement Benefits**

During the year, the Deloitte LLP group, of which Deloitte MCS Limited is a wholly owned subsidiary, operated a Money Purchase Section (MPS) and a Final Salary Section (FSS) in the Deloitte UK Pension Scheme (DUKPS) in which the staff of Deloitte MCS Limited participated. Both Sections of the DUKPS closed on 31 January 2013.

The Deloitte LLP group also operated a stakeholder arrangement which was available for all employees under the age of 30 including those of Deloitte MCS Limited. The stakeholder arrangement also closed on 31 January 2013.

On 1 February 2013 the Deloitte Pension Plan (DPP) opened for all employees in which Deloitte MCS Limited participates. This is a Money Purchase Scheme.

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

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

Contributions to the FSS, a defined benefit scheme, 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.

**2. REVENUE**

The geographical analysis of revenue by destination is as follows:

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
United Kingdom	428,646	381,683
Other EU	61,154	52,030
North America	63,198	79,798
Rest of World	21,661	15,765
	<u>574,659</u>	<u>529,276</u>

**3. STAFF COSTS****Employees**

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

	<b>2014</b> <b>No.</b>	<b>2013</b> <b>No.</b>
Fee earning staff	2,631	2,545
Support staff	131	128
	<u>2,762</u>	<u>2,673</u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 May 2014

#### 3. STAFF COSTS (continued)

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

	2014 £'000	2013 £'000
Salaries	199,812	191,874
Social security costs	22,448	22,617
Other pension costs	15,033	10,512
	<u>237,293</u>	<u>225,003</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 financial year.

R W Warburton was remunerated by Deloitte Limited 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, Deloitte Limited did not make any charge to other group companies in respect of his directorship or his services provided during the current or preceding financial year.

#### 4. INTEREST RECEIVABLE

	2014 £'000	2013 £'000
Interest receivable and similar income	<u>18</u>	<u>4</u>

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

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2014 £'000	2013 £'000
Depreciation and amortisation on owned assets:		
- amortisation of goodwill	360	360
- depreciation of tangible fixed assets	2,926	2,780
Operating lease payments		
- land and buildings	5,500	5,500
Auditors' remuneration:		
- fees payable for the audit of the company's annual accounts	60	60
Service charge	107,547	129,286
Net foreign exchange gain	<u>4,122</u>	<u>847</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 May 2014**

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
UK corporation tax	14,164	14,259
Compensating payment due from members of Deloitte LLP	(5,038)	(12,953)
Adjustment in respect of prior periods	(1,892)	64
	<hr/>	<hr/>
Total current tax charge	7,234	1,370
Deferred taxation (note 12)	(119)	(298)
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>7,115</u>	<u>1,072</u>

The difference between the total current tax charge/(credit) 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	<u>36,221</u>	<u>649</u>
Tax on profit on ordinary activities at standard rate of corporation tax of 22.67% (2013: 23.83%)	8,211	155
Factors affecting charge/(credit) for the year:		
Impact of rate differences	11	5
Adjustment in respect of prior periods	(1,892)	64
Depreciation in excess of capital allowances	224	167
Disallowable expenditure	763	1,165
R&D tax relief credit	-	(186)
Deferred taxation	(119)	(298)
Other timing differences	(83)	-
	<hr/>	<hr/>
Total current tax	<u>7,115</u>	<u>1,072</u>

Up to 24 October 2013, the UK tax charge in respect of the corporate entities includes an additional amount as a result of UK transfer pricing legislation. The cost of this is offset by compensating payments made by the members of Deloitte LLP to the subsidiaries, which are dealt with through members' interests.

**Factors that may affect future tax charges**

The Finance Act 2013 included legislation reducing the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 31 May 2014

### 7. INTANGIBLE FIXED ASSETS

	<b>Goodwill £'000</b>
<b>Cost</b>	
At 1 June 2013 and 31 May 2014	2,530
<b>Amortisation</b>	
At 1 June 2013	1,200
Charge for the year	360
At 31 May 2014	1,560
<b>Net book value</b>	
At 31 May 2014	970
At 31 May 2013	1,330

### 8. TANGIBLE FIXED ASSETS

	<b>Freehold property £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Leasehold improvements £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 June 2013	1,198	957	39,317	41,472
Additions	-	-	315	315
Disposals	-	(2)	-	(2)
At 31 May 2014	1,198	955	39,632	41,785
<b>Depreciation</b>				
At 1 June 2013	354	718	18,469	19,541
Charge for the year	58	72	2,796	2,926
Disposals	-	(2)	-	(2)
At 31 May 2014	412	788	21,265	22,465
<b>Net book value</b>				
At 31 May 2014	786	167	18,367	19,320
At 31 May 2013	844	239	20,848	21,931

Freehold property includes freehold land of £262,000 (2013: £262,000) which is not depreciated.



# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 31 May 2014

### 9. INVESTMENTS

	Shares in subsidiary undertakings £'000
<b>Cost:</b>	
At 1 June 2013 and at 31 May 2014	4,261
<b>Provision</b>	
At 1 June 2013 and at 31 May 2014	1,660
<b>Net book value</b>	
At 31 May 2013 and at 31 May 2014	2,601

At 31 May 2014 the company had an interest in the following subsidiaries, all of which are registered in England and Wales:

	Activity	Holding
<b>Direct</b>		
Praxis Software Engineering Limited	Holding company	100%
Monitor Deloitte Limited	Holding company	100%
<b>Indirect</b>		
Praxis Limited	Non trading	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%
Monitor Company UK Limited	Holding company	100%
Monitor Company Europe	Trading company	100%

The profit 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
Monitor Deloitte Limited	-	5,913
Monitor Company UK Limited	-	(257)
Monitor Company Europe	(890)	7,103
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)
Praxis Business Systems Limited	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 May 2014**

**10. DEBTORS**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Amounts to be billed to clients	29,611	34,526
Client debtors	82,683	81,014
Amounts due from other group undertakings	4,015	184
Amounts due from other member firms of DTTL	10,316	6,750
Other debtors	2,634	2,838
Prepayments and accrued income	809	649
	<u>130,068</u>	<u>125,961</u>

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	5,065	1,052
Amounts owed to other group undertakings	69,145	99,408
Amounts due to other member firms of DTTL	1,297	204
Corporation tax	4,873	9,067
Social security and other taxes	9,917	7,398
Other creditors	1,766	1,052
Accruals and deferred income	13,405	14,319
	<u>105,468</u>	<u>132,500</u>

**12. PROVISION FOR LIABILITIES**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Deferred taxation</b>		
At 1 June 2013	956	1,285
Profit and loss account credit	(119)	(298)
Adjustment in respect of prior periods	(1,208)	(31)
	<u>(371)</u>	<u>956</u>
At 31 May 2014 (asset)/liability		
Provision for deferred tax consists of:		
Capital allowances in excess of depreciation	29	956
Other short term timing differences	(400)	-
	<u>(371)</u>	<u>956</u>

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 31 May 2014

### 13. CALLED UP SHARE CAPITAL

	2014 £'000	2013 £'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

### 14. STATEMENT OF MOVEMENT ON RESERVES

	Profit and loss account £'000
At 1 June 2013	16,591
Profit for the year	29,106
At 31 May 2014	45,697

### 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2014 £'000	2013 £'000
Profit / (loss) for the year	29,106	(423)
Net addition / (deduction from) to shareholder's funds	29,106	(423)
Opening shareholder's funds	20,852	21,275
Closing shareholder's funds	49,958	20,852

### 16. LEASING COMMITMENTS

Annual commitments under operating leases were as follows:

	Land and buildings 2014 £'000	Land and buildings 2013 £'000
Leases which expire:		
Over five years	5,500	5,500
	5,500	5,500

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 May 2014

#### 17. CAPITAL COMMITMENTS

At 31 May 2014 capital commitments contracted for but not provided were £615,000 (2013: £870,000).

#### 18. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 May 2014 (2013: £nil).

#### 19. RETIREMENT BENEFITS

##### Defined contribution schemes

The Deloitte LLP group, of which Deloitte MCS Limited is a wholly owned subsidiary, operated the MPS and the DPP. The DUKPS closed to all employees on the 31 January 2013 and the DPP opened on 1 February 2013 for all employees and in which Deloitte MCS Limited participates. The assets of both MPS and DPP are held separately under Trust and are defined contribution arrangement benefits only.

The Deloitte LLP group also operated a stakeholder arrangement which were available for all employees under the age of 30 which closed on 31 January 2013. A number of smaller pension schemes were also in operation during the year and also closed on 31 January 2013.

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 employees' contribution and the employer shares part of its National Insurance saving with employees, known as the SMART Uplift. This was paid into the MPS and is now being paid into the DPP in addition to other employer contributions.

The total cost charged as an expense of £15,033,000 (2013: £9,983,000) represents employer contributions payable to these schemes by Deloitte MCS Limited. As at 31 May 2014, contributions of £1,906,000 (2013: £2,304,000) relating to May payroll deductions had not been paid over to the DPP until 3 June 2014.

##### Defined benefit schemes

Deloitte MCS Limited was a participating employer in the FSS which also closed for future accrual to all employees on the 31 January 2013. This defined benefit section of the scheme, which was closed to new members in 2001, is administered and funded on a group basis, with contributions made in accordance with the Schedule of Contributions and Recovery Plan. 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 FSS as if it were an FSS and no net surplus or deficit has been recorded in the Deloitte MCS Limited balance sheet.

The FSS has a deficit of £106m as at 31 May 2014 (2013: £126m). Full details of the net liabilities of the total scheme and the assumptions used to determine this are included in note 22 to the accounts of Deloitte LLP.

A Recovery Plan was signed on 19 December 2012 setting out the additional contributions that will be paid to fund the deficit in the FSS. These additional contributions will amount to £225m, payable from 1 October 2011 to 30 September 2021 and these additional contributions will be paid by the Principal Employer Deloitte LLP.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 May 2014**

**20. 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.

**21. 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.