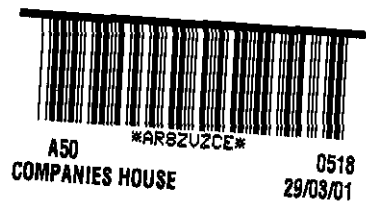


DELOITTE CONSULTING LIMITED

Report and Financial Statements

31 May 2000



REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J P Connolly
J E Everett
D H Owen
M A Parker
P M Shawyer

SECRETARY

B W Caines

REGISTERED OFFICE

Hill House
1 Little New Street
London
EC4A 3TR

BANKERS

Barclays Bank Plc
Tottenham Court Road
London
W1A 3AT

Bank of Scotland
38 Threadneedle Street
London
EC2P 2EH

AUDITORS

Newland Mallett Garner Woodbury & Co.
Crown House
37/41 Prince Street
Bristol
BS1 4PS

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 May 2000.

PRINCIPAL ACTIVITY

The company's principal activity is the provision of management consultancy.

REVIEW OF DEVELOPMENTS

Turnover for the year was £124,077,000 (1999: £97,881,000). The profit for the year before taxation was £7,128,000 (1999: £2,213,000).

At 31 May 2000 shareholder's funds were £12,128,000 (1999: £7,417,000). The directors believe that the company is soundly based to take advantage of additional opportunities for growth.

DIVIDENDS

The directors do not recommend the payment of a final dividend (1999: £nil). No interim dividend was paid (1999: £nil).

FUTURE PROSPECTS

The Board remains optimistic about the long term prospects for continued growth.

DIRECTORS AND THEIR INTERESTS

The names of the directors who served during the year are shown below:

K Clinchy	(resigned 31 October 2000)
J P Connolly	
J E Everett	
D H Owen	(appointed 30 November 2000)
M A Parker	(appointed 1 November 1999)
B W Pomeroy	(resigned 16 June 1999)
P M Shawyer	

No director had any beneficial interest in the share capital of the company or any other group company except as noted below.

J P Connolly and P M Shawyer, as partners in the United Kingdom partnership of Deloitte & Touche at 31 May 2000, had a remote interest in the share capital of the company.

J E Everett and M A Parker as partners in the United Kingdom partnerships of D&T Consulting Two and D&T Consulting Three respectively at 31 May 2000, had a remote interest in the share capital of the company.

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 regularly to inform and consult with managers and staff 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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The company has passed an elective resolution pursuant to Section 386 of the Companies Act 1985 dispensing with the requirement to appoint auditors annually. Newland Mallett Garner Woodbury & Co. are accordingly deemed to continue in office as auditors.

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



B W Caines
Secretary

12 February 2001

AUDITORS' REPORT TO THE SOLE MEMBER

We have audited the financial statements on pages 5 to 16 which have been prepared in accordance with the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

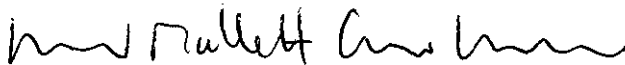
Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 May 2000 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Newland Mallett Garner Woodbury & Co.
Chartered Accountants and
Registered Auditors
12 February 2001

Crown House
37/41 Prince Street
Bristol
BS1 4PS

PROFIT AND LOSS ACCOUNT
Year ended 31 May 2000

	Note	2000 £'000	1999 £'000
TURNOVER	2	124,077	97,881
Cost of sales		(67,448)	(52,125)
Gross profit		56,629	45,756
Administrative expenses		(48,891)	(42,258)
OPERATING PROFIT	3	7,738	3,498
Interest receivable and similar income	4	1,090	182
Interest payable and similar charges	5	(1,700)	(1,467)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,128	2,213
Tax on profit on ordinary activities	7	(2,417)	(960)
RETAINED PROFIT FOR THE FINANCIAL YEAR	14	4,711	1,253

All activities are continuing operations.

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

BALANCE SHEET
31 May 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Intangible assets	8	549	943
Tangible assets	9	1,752	1,907
Investments	10	7,212	7,212
		<hr/>	<hr/>
		9,513	10,062
CURRENT ASSETS			
Work in progress		4,510	4,689
Debtors	11	57,560	29,891
Cash at bank and in hand		2,089	2,746
		<hr/>	<hr/>
		64,159	37,326
CREDITORS: amounts falling due within one year	12	(61,544)	(39,971)
		<hr/>	<hr/>
NET CURRENT ASSETS / (LIABILITIES)		2,615	(2,645)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,128	7,417
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	13	4,260	4,260
Profit and loss account	14	7,868	3,157
		<hr/>	<hr/>
TOTAL EQUITY SHAREHOLDER'S FUNDS	15	12,128	7,417
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 12 February 2001.

Signed on behalf of the Board of Directors


D H Owen
Director

NOTES TO THE ACCOUNTS
Year ended 31 May 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below. Compliance with SSAP 19 'Accounting for Investment Properties' requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given in the accounting policy note below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified for the revaluation of investment properties.

Consolidation

Under section 229 of the Companies Act 1985, the company has not prepared group accounts because at 31 May 2000, the company was itself a wholly owned subsidiary of D&T Consulting Holdings Limited, a company registered in England and Wales. The results of Deloitte Consulting Limited and its subsidiaries are consolidated into the accounts of D&T Consulting Holdings Limited.

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

Cash flow statement

The company has not prepared a cash flow statement as the results of Deloitte Consulting Limited are consolidated into the accounts of D&T Consulting Holdings Limited.

Acquisitions and disposals

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the company's share of net separable assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and, following implementation of FRS 10, is capitalised in the balance sheet in the year of acquisition.

The profit or loss on the disposal or closure of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business not previously charged to the profit and loss account.

Intangible fixed assets

Copyrights and other intellectual property rights are amortised over their estimated useful lives. During the period ended 31 May 1998 the company acquired partially completed computer software. The development of this software was completed during the year ended 31 May 1999 and is being amortised over its estimated life of three years.

NOTES TO THE ACCOUNTS

Year ended 31 May 2000

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Investment properties

In accordance with SSAP 19, the investment property is revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation is provided in respect of the investment property.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because the property is not held for use by the company, but for its investment potential, to depreciate it would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot be reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Other fixed assets

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

Computer equipment	33% or 50% per annum
Fixtures and fittings	10% to 20% per annum

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Payments received on account are shown as a deduction from gross work in progress and payments on account in excess of the work in progress are included in creditors.

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.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

Pensions

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

NOTES TO THE ACCOUNTS

Year ended 31 May 2000

2. TURNOVER, OPERATING PROFIT AND NET ASSETS

Turnover comprises fees rendered (exclusive of VAT) in respect of the provision of management consultancy advice and includes amounts invoiced to clients for expenses incurred.

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

The geographical analysis of turnover by destination is as follows:

	2000 £'000	1999 £'000
United Kingdom	69,667	67,369
Other EC	29,830	15,079
Other Europe	12,554	442
Africa	334	317
Asia and Pacific	1,398	1,283
North America	10,294	13,391
	<u>124,077</u>	<u>97,881</u>

3. OPERATING PROFIT

Operating profit is after charging:

	2000 £'000	1999 £'000
Depreciation and amortisation on owned assets:		
- intangible fixed assets	394	230
- tangible fixed assets	1,007	1,324
Auditors' remuneration:		
- audit fees	60	55
Management charge payable to Deloitte & Touche	1,572	1,155
Service charges payable to:		
- D&T Consulting One	6,901	5,179
- D&T Consulting Two	8,031	6,331
- D&T Consulting Three	7,030	5,684

The management charge payable to Deloitte & Touche includes a charge for the services of the partners of the United Kingdom partnership of Deloitte & Touche.

The service charges payable to D&T Consulting One, D&T Consulting Two and D&T Consulting Three include a charge for the professional services of the partners in these partnerships.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000 £'000	1999 £'000
Bank interest	5	30
Foreign exchange gains	1,085	152
	<u>1,090</u>	<u>182</u>

NOTES TO THE ACCOUNTS
Year ended 31 May 2000

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£'000	£'000
Interest payable on other loans	791	1,271
Foreign exchange losses	909	196
	<u>1,700</u>	<u>1,467</u>

6. INFORMATION REGARDING DIRECTORS AND STAFF

Directors

During the current and preceding year J P Connolly and P M Shawyer were remunerated as partners in Deloitte & Touche; M A Parker and B W Pomeroy were remunerated as partners in D&T Consulting Three and J E Everett was remunerated as a partner in D&T Consulting Two.

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, the partnerships made no charge to the company in respect of the directorships during the current or preceding year.

Employees

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

	2000	1999
	No.	No.
Professional	498	484
Administration, sales and support	99	94
	<u>597</u>	<u>578</u>

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

	2000	1999
	£'000	£'000
Salaries	28,380	25,583
Social security costs	3,109	2,642
Other pension costs	390	231
	<u>31,879</u>	<u>28,456</u>

NOTES TO THE ACCOUNTS
Year ended 31 May 2000

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£'000	£'000
United Kingdom corporation tax at 30% (1999: 31%)	2,422	960
Adjustments in respect of prior periods	(5)	-
	<u>2,417</u>	<u>960</u>

The tax charge for the year has been increased as follows:

Depreciation in excess of capital allowances	143	195
Disallowable expenditure	<u>140</u>	<u>75</u>

8. INTANGIBLE FIXED ASSETS

Intellectual property rights

	£'000
Cost	
At 1 June 1999 and at 31 May 2000	<u>1,173</u>
Amortisation	
At 1 June 1999	230
Charge for the year	<u>394</u>
At 31 May 2000	<u>624</u>
Net book value	
At 31 May 2000	<u>549</u>
At 31 May 1999	<u>943</u>

The intellectual property rights relate to computer software, the development of which was completed during the year ended 31 May 1999. It is being amortised over its estimate life of three years.

NOTES TO THE ACCOUNTS
Year ended 31 May 2000

9. TANGIBLE FIXED ASSETS

	Investment property £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 June 1999	476	4,596	1,685	6,757
Additions	-	845	18	863
Disposals	-	(3,016)	(261)	(3,277)
At 31 May 2000	476	2,425	1,442	4,343
Depreciation				
At 1 June 1999	-	3,883	967	4,850
Charge for the year	-	890	117	1,007
Disposals	-	(3,005)	(261)	(3,266)
At 31 May 2000	-	1,768	823	2,591
Net book value				
At 31 May 2000	476	657	619	1,752
At 31 May 1999	476	713	718	1,907

The investment property was valued by the directors at 31 May 2000 at an open market value of £476,000. Depreciation is not provided in respect of the investment property in accordance with SSAP 19 and the directors consider that this accounting policy results in the financial statements giving a true and fair view.

NOTES TO THE ACCOUNTS

Year ended 31 May 2000

10. INVESTMENTS

	Shares in subsidiary undertakings £'000	Loan to subsidiary undertakings £'000	Total £'000
Cost			
At 1 June 1999 and at 31 May 2000	4,261	3,572	7,833
Provision			
At 1 June 1999 and at 31 May 2000	621	-	621
Net book value			
At 31 May 2000	3,640	3,572	7,212
At 31 May 1999	3,640	3,572	7,212

At 31 May 2000, the company had an interest in the following subsidiaries; all of which are registered in England and Wales:

	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 after tax and share capital and reserves at the balance sheet date were as follows:

	Profit after tax £'000	Share capital and reserves £'000
Praxis Software Engineering Limited	-	2,601
ICSD Holdings Limited	2,820	4,861
Praxis Limited	-	2,524
Praxis Pension Trustees Limited	-	-
Program Validation Limited	-	349
Praxis Systems Limited	-	42
Praxis Warwick Limited	-	48
Praxis South East Limited	-	(595)
Praxis Business Systems Limited	-	-

Associated undertaking

ICSD Holdings Limited ('ICSD') has contributed £6,000 to Deloitte Consulting/ICS, a partnership providing computer software and consultancy. This investment represents 75% of the capital of the partnership. Under the terms of the partnership agreement ICSD does not have management control therefore the investment is held in the accounts of ICSD at cost.

NOTES TO THE ACCOUNTS

Year ended 31 May 2000

11. DEBTORS

	2000 £'000	1999 £'000
Trade debtors	50,044	22,352
Amounts owed by related undertakings	1,260	5,523
Prepayments and accrued income	6,256	2,016
	<u>57,560</u>	<u>29,891</u>

12. CREDITORS: amounts falling due within one year

	2000 £'000	1999 £'000
Trade creditors	264	156
Amounts owed to related undertakings	34,039	26,806
Corporation tax	1,743	252
Social security and other taxes	1,218	3,882
Accruals and deferred income	24,280	8,875
	<u>61,544</u>	<u>39,971</u>

13. CALLED UP SHARE CAPITAL

	2000 £'000	1999 £'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	4,260	4,260

14. STATEMENT OF MOVEMENT ON RESERVES

	Profit and loss account £'000
At 1 June 1999	3,157
Retained profit for the financial year	4,711
At 31 May 2000	<u>7,868</u>

NOTES TO THE ACCOUNTS

Year ended 31 May 2000

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2000 £'000	1999 £'000
Retained profit for the financial year	4,711	1,253
Opening shareholder's funds	7,417	6,164
	<hr/>	<hr/>
Closing shareholder's funds	12,128	7,417
	<hr/>	<hr/>

16. LEASING COMMITMENTS

At 31 May 2000, the company was committed to making the following payments during the next year in respect of operating leases:

	Other 2000 £	Other 1999 £
Leases which expire:		
Within one year	-	-
Within two to five years	590	-
In more than five years	-	-
	<hr/>	<hr/>

17. PENSION COMMITMENTS

The company is a participating employer in the Deloitte & Touche UK Pension Scheme (the "Scheme") - the principal pension scheme operated by Deloitte & Touche through which benefits are provided to staff. The assets of the Scheme are held separately from those of both the company and Deloitte & Touche in a trustee administered fund.

The Scheme provides defined benefits based on final salary. The pension cost charged to the profit and loss account is such so as to spread the cost of pensions over the members' working lives with the company and was determined by independent qualified actuaries, Bacon & Woodrow. The most recent actuarial valuation of the Scheme was made at 30 September 1997 using the projected unit method and the most significant assumptions used in determining the pension cost were:

Investment return	6.75% per annum
Pay increases	4.50% per annum
Increases to pensions in payment	3.25% per annum

At the valuation date the Scheme had assets with a total market value of £154,190,000. The market value of the assets represented 129.6% of the value of the liabilities that had accrued to the Scheme's pensioners, deferred pensioners and members based on past service, allowing for the expected future increases in pay and pensions.

As a result of this valuation the Scheme Actuary advised that employers' contributions to the Scheme should be temporarily suspended for the year ended 31 May 1999.

As a result of a further interim valuation carried out as at 30 September 1998 the Scheme Actuary advised that employers' contributions to the Scheme should recommence from 1 June 1999.

NOTES TO THE ACCOUNTS

Year ended 31 May 2000

18. PENSION COMMITMENTS (continued)

The company's pension cost in respect of the Scheme for the year was £199,000 (1999: £nil).

The next triennial valuation is due to be carried out as at 30 September 2000. The results of this valuation are not yet available.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost for the year of £191,000 (1999: £231,000) represents the contributions payable by the company under the rules of the arrangements.

18. ULTIMATE PARENT COMPANY AND UNDERTAKING

The immediate and ultimate parent company is D&T Consulting Holdings Limited. This company produces group accounts, which consolidate the results of Deloitte Consulting Limited. Copies may be obtained from the company's registered office at Hill House, 1 Little New Street, London EC4A 3TR.

The ultimate parent undertaking and controlling party is the United Kingdom partnership of Deloitte & Touche.

19. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary, the company has taken advantage of the exemption not to disclose related party transactions as they are included in the consolidated accounts of D&T Consulting Holdings Limited.