

D&T CONSULTING HOLDINGS LIMITED

Report and Financial Statements

31 May 2001



REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J P Connolly
J E Everett
P M Shawyer

SECRETARY

Stonecutter Limited

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

A V Audit Limited
Crown House
37/41 Prince Street
Bristol
BS1 4PS

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the group for the year ended 31 May 2001.

PRINCIPAL ACTIVITIES

D&T Consulting Holdings Limited is the parent of a group of companies engaged in the provision of management consultancy.

REVIEW OF DEVELOPMENTS

Turnover for the year was £220,744,000 (2000: £126,778,000). The profit for the year before taxation was £22,529,000 (2000: £9,829,000).

At 31 May 2001 shareholders' funds were £25,184,000 (2000: £15,810,000). The directors believe that the group is soundly based to take advantage of additional opportunities for growth.

DIVIDENDS

The directors recommend the payment of a second interim dividend of £4,000,000 (2000: £nil). An interim dividend of £3,000,000 was paid (2000: £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 throughout the year are shown on page 1.

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 2001, had a remote interest in the share capital of the company.

J E Everett, as a partner in the United Kingdom partnership of D&T Consulting Two at 31 May 2001, had a remote interest in the share capital of the company.

DISABLED EMPLOYEES

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

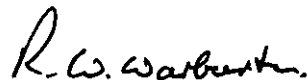
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to 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 group 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. A V Audit Limited are accordingly deemed to continue in office as auditors.

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



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

19 June 2002

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 19 which have been prepared in accordance with the accounting policies set out on pages 9 and 10.

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 circumstances of the company and the group, 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 and the group at 31 May 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

AV Audit Limited
A V Audit Limited
Chartered Accountants and
Registered Auditors
19 June 2002

Crown House
37/41 Prince Street
Bristol
BS1 4PS

D&T CONSULTING HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 May 2001

	Note	2001 £'000	2000 £'000
TURNOVER	2	220,744	126,778
Cost of sales		<u>(141,795)</u>	<u>(67,448)</u>
Gross profit		78,949	59,330
Administrative expenses		<u>(56,595)</u>	<u>(48,891)</u>
OPERATING PROFIT	3	22,354	10,439
Interest receivable and similar income	4	4,529	1,090
Interest payable and similar charges	5	<u>(4,354)</u>	<u>(1,700)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		22,529	9,829
Tax on profit on ordinary activities	7	<u>(6,155)</u>	<u>(3,189)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		16,374	6,640
Dividends paid and proposed	9	<u>(7,000)</u>	<u>-</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	16	<u><u>9,374</u></u>	<u><u>6,640</u></u>

All activities are continuing operations.

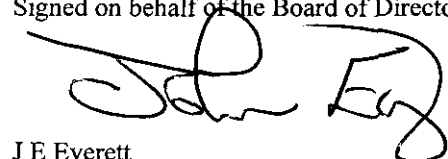
There are no recognised gains or losses for the current or prior year other than as stated above.

CONSOLIDATED BALANCE SHEET
31 May 2001

	Note	2001 £'000	2000 £'000
FIXED ASSETS			
Intangible assets	10	168	549
Tangible assets	11	1,598	1,752
Investments	12	-	3,578
		<hr/> 1,766	<hr/> 5,879
CURRENT ASSETS			
Work in progress		16,053	4,510
Debtors	13	58,093	62,735
Cash at bank and in hand		12,358	2,106
		<hr/> 86,504	<hr/> 69,351
CREDITORS: amounts falling due within one year	14	<hr/> (63,086)	<hr/> (59,420)
NET CURRENT ASSETS		<hr/> 23,418	<hr/> 9,931
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> <hr/> 25,184	<hr/> <hr/> 15,810
CAPITAL AND RESERVES			
Called up share capital	15	5,000	5,000
Share premium account	16	10	10
Profit and loss account	16	20,174	10,800
TOTAL EQUITY SHAREHOLDERS' FUNDS	17	<hr/> <hr/> 25,184	<hr/> <hr/> 15,810

These financial statements were approved by the Board of Directors on 19 June 2002.

Signed on behalf of the Board of Directors



J E Everett

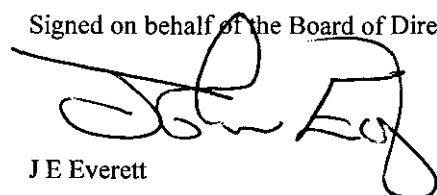
Director

BALANCE SHEET
31 May 2001

	Note	2001 £'000	2000 £'000
FIXED ASSETS			
Investments	12	4,260	4,260
CURRENT ASSETS			
Debtors	13	4,750	750
CREDITORS: amounts falling due within one year	14	(4,000)	-
NET CURRENT ASSETS		750	750
TOTAL ASSETS		<u>5,010</u>	<u>5,010</u>
CAPITAL AND RESERVES			
Called up share capital	15	5,000	5,000
Share premium account	16	10	10
Profit and loss account	16	-	-
TOTAL EQUITY SHAREHOLDERS' FUNDS	17	<u>5,010</u>	<u>5,010</u>

These financial statements were approved by the Board of Directors on 19 June 2002.

Signed on behalf of the Board of Directors



J E Everett

Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 May 2001

	Note	2001 £'000	2000 £'000
Net cash inflow from operating activities	18	5,944	3,185
Returns on investments and servicing of finance			
Interest received		3	5
Dividends received		3,361	
Interest paid		(2,283)	(781)
Net cash inflow / (outflow) from returns on investments and servicing of finance		1,081	(776)
Taxation			
UK corporation tax paid		(4,393)	(2,186)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(591)	(863)
Purchase of intangible fixed assets		(16)	-
Net cash outflow from capital expenditure and financial investment		(607)	(863)
Acquisitions and disposals			
Net cash transferred from group undertaking		5,743	-
Sale of investments		3,572	-
Net cash inflow from acquisitions and disposals		9,315	-
Equity dividends paid		(3,000)	-
Increase / (decrease) in cash	19	8,340	(640)

NOTES TO THE ACCOUNTS

Year ended 31 May 2001

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 by the revaluation of investment properties.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries.

Acquisitions and disposals

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group'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 group 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.

The results and cash flows relating to a business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition or up to the date of disposal.

Intangible fixed assets

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

Tangible fixed assets**Investment properties**

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

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 these properties are not held for consumption, but for their investment potential, to depreciate them 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 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

NOTES TO THE ACCOUNTS

Year ended 31 May 2001

1. ACCOUNTING POLICIES (continued)

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 the 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.

2. TURNOVER

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:

	2001 £'000	2000 £'000
United Kingdom	133,586	72,368
Other EU	36,813	29,830
Other Europe	20,220	12,554
Africa	17	334
Asia and Pacific	1,820	1,398
North America	28,288	10,294
	<u>220,744</u>	<u>126,778</u>

NOTES TO THE ACCOUNTS

Year ended 31 May 2001

3. OPERATING PROFIT

Operating profit is after charging:

	2001 £'000	2000 £'000
Depreciation and amortisation on owned assets:		
- intangible fixed assets	397	394
- tangible fixed assets	551	1,007
Auditors' remuneration:		
- audit fees	50	60
Management charge payable to Deloitte & Touche	1,552	1,572
Service charges payable to:		
- D&T Consulting One	7,118	6,901
- D&T Consulting Two	7,833	8,031
- D&T Consulting Three	7,416	7,030

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

	2001 £'000	2000 £'000
Dividends received	3,361	-
Bank interest	3	5
Foreign exchange gains	1,165	1,085
	<u>4,529</u>	<u>1,090</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £'000	2000 £'000
Interest payable on other loans	2,273	791
Foreign exchange losses	2,081	909
	<u>4,354</u>	<u>1,700</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 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.

NOTES TO THE ACCOUNTS

Year ended 31 May 2001

6. INFORMATION REGARDING DIRECTORS AND STAFF (continued)

Employees

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

	2001	2000
	No.	No.
Professional	674	502
Administration, sales and support	113	99
	<u>787</u>	<u>601</u>

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

	2001	2000
	£'000	£'000
Salaries	35,939	28,380
Social security costs	3,588	3,109
Other pension costs	184	390
	<u>39,711</u>	<u>31,879</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
	£'000	£'000
United Kingdom corporation tax charge at 30% (2000: 30%)	6,101	3,140
Adjustments in respect of prior periods	54	49
	<u>6,155</u>	<u>3,189</u>

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

Depreciation in excess of capital allowances	117	143
Disallowable expenditure	132	140

8. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit after tax for the year amounted to £7,000,000 (2000: £nil).

9. DIVIDENDS

	2001	2000
	£'000	£'000
Interim dividend paid - £30,000 per ordinary C share	3,000	-
Second interim dividend proposed - £40,000 per ordinary C share	4,000	-
	<u>7,000</u>	<u>-</u>

NOTES TO THE ACCOUNTS

Year ended 31 May 2001

10. INTANGIBLE FIXED ASSETS

Intellectual property rights

Group	£'000
Cost	
At 1 June 2000	1,173
Additions	16
At 31 May 2001	1,189
Amortisation	
At 1 June 2000	624
Charge for the year	397
At 31 May 2001	1,021
Net book value	
At 31 May 2001	168
At 31 May 2000	549

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 estimated life of three years.

11. TANGIBLE FIXED ASSETS

Group	Investment property £'000	Computer equipment £'000	Fixtures and fittings £'000	Leasehold improvements £'000	Total £'000
Cost or valuation					
At 1 June 2000	476	2,425	1,44	-	4,34
Additions	-	2	18	403	59
Disposals	-	(181)	(37)	-	(55)
Transfer between categories	-	400	(47)	77	-
Transfer from group undertaking	-	41	1	-	5
At 31 May 2001	476	2,687	79	480	4,43
Depreciation					
At 1 June 2000	-	1,768	82	-	2,59
Charge for the year	-	478	7	-	55
Disposals	-	(18)	(33)	-	(34)
Transfer between categories	-	400	(40)	-	-
Transfer from group undertaking	-	37	-	-	4
At 31 May 2001	-	2,665	17	-	2,83
Net book value					
At 31 May 2001	476	22	62	480	1,59
At 31 May 2000	476	657	61	-	1,75

NOTES TO THE ACCOUNTS

Year ended 31 May 2001

11. TANGIBLE FIXED ASSETS (continued)

The directors valued the investment property at 31 May 2001 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.

Included in leasehold improvements is a property in the course of construction amounting to £480,000 (2000 £nil) which is not depreciated.

12. INVESTMENTS

Group	Interest in Deloitte Consulting/ICS £'000	Other investments £'000	Total £'000
Cost and net book value			
At 1 June 2000	6	3,572	3,578
Disposals	(6)	(3,572)	(3,578)
At 31 May 2001	-	-	-

The group had a 75% interest in the United Kingdom partnership of Deloitte Consulting/ICS. On 31 May 2001 the trade and assets of Deloitte Consulting/ICS were transferred to Deloitte Consulting Limited and the partnership ceased.

Other investments represented a 9.9% interest in ICS Deloitte LLP, a Delaware USA limited liability partnership, and 10% of the issued shares of ICS Deloitte Management Inc, a company incorporated in Delaware USA. On 31 May 2001 these investments were disposed of.

Company	Shares in subsidiary undertakings £'000
Cost	
At 1 June 2000 and at 31 May 2001	4,260

At 31 May 2001 the company had an interest in the following subsidiaries; all of which are registered in England and Wales:

	Activity	Holding
Direct		
Deloitte Consulting Limited	Management Consultancy	100%
Indirect		
Praxis Software Engineering Limited	Holding company	100%
ICS D Holdings Limited	Holding company	100%
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%

NOTES TO THE ACCOUNTS

Year ended 31 May 2001

13. DEBTORS

	Group 2001 £'000	Company 2001 £'000	Group 2000 £'000	Company 2000 £'000
Trade debtors	55,757	-	50,044	-
Amounts owed by Braxton Associates Limited	109	-	-	-
Amounts owed by Deloitte Consulting/ICS	-	-	5,685	-
Amounts owed by Deloitte Consulting Limited	-	4,000	-	-
Other debtors	750	750	750	750
Prepayments	1,477	-	6,256	-
	<u>58,093</u>	<u>4,750</u>	<u>62,735</u>	<u>750</u>

14. CREDITORS: amounts falling due within one year

	Group 2001 £'000	Company 2001 £'000	Group 2000 £'000	Company 2000 £'000
Overdraft	1,912	-	-	-
Trade creditors	588	-	264	-
Amounts owed to D&T Consulting partnerships	19,267	-	19,259	-
Amounts owed to Deloitte & Touche	2,613	-	12,179	-
Corporation tax	3,959	-	2,197	-
Social security and other taxes	3,808	-	1,218	-
Accruals and deferred income	26,939	-	24,303	-
Proposed dividends	4,000	4,000	-	-
	<u>63,086</u>	<u>4,000</u>	<u>59,420</u>	<u>-</u>

15. CALLED UP SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised:		
1,500,000 ordinary A shares of £1 each	1,500	1,500
8,500,000 ordinary B shares of £1 each	8,500	8,500
100 ordinary C shares of £1 each	-	-
	<u>10,000</u>	<u>10,000</u>
Called up, allotted and fully paid:		
750,000 ordinary A shares of £1 each	750	750
4,250,000 ordinary B shares of £1 each	4,250	4,250
100 ordinary C shares of £1 each	-	-
	<u>5,000</u>	<u>5,000</u>

NOTES TO THE ACCOUNTS

Year ended 31 May 2001

15. CALLED UP SHARE CAPITAL (continued)

The C shares entitle the holder to the right on a return of capital on winding up to repayment of a sum equal to but not exceeding the capital paid up or credited as paid up thereon in priority to all other shares in issue.

The A and C shares entitle the holders to participate in the profits or assets of the company as the directors (and, to the extent required by the Act, the shareholders) may from time to time resolve.

The B shares entitle the holder to participate in the profits or assets of the company as the directors (and, to the extent required by the Act, the shareholders) may from time to time resolve provided that no amount shall be declared or paid in respect of any dividend or other distribution on the B shares to the extent that the source of the relevant funds, or the relevant profits or other assets, have been derived, in whole or in part, from income which the company received by virtue of membership of Deloitte Consulting Group (Global) LLC.

The A and B shares entitle the holders to receive notice of and attend and vote at all general meetings of the company; the C shares carry no voting rights except in respect of any resolution affecting the class rights attached to the C shares.

16. STATEMENT OF MOVEMENT ON RESERVES

Group	Share premium account £'000	Profit and loss account £'000
At 1 June 2000	10	10,800
Retained profit for the financial year	-	9,374
	<hr/>	<hr/>
At 31 May 2001	10	20,174
	<hr/>	<hr/>
Company	Share premium account £'000	Profit and loss account £'000
At 1 June 2000	10	-
Retained profit for the financial year	-	-
	<hr/>	<hr/>
At 31 May 2001	10	-
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

Year ended 31 May 2001

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2001 £'000	2000 £'000
Retained profit for the financial year	9,374	6,640
Opening shareholders' funds	15,810	9,170
Closing shareholders' funds	25,184	15,810
Company	2001 £'000	2000 £'000
Retained profit for the financial year	-	-
Opening shareholders' funds	5,010	5,010
Closing shareholders' funds	5,010	5,010

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £'000	2000 £'000
Operating profit	22,354	10,439
Depreciation of tangible fixed assets	551	1,007
Amortisation of intangible fixed assets	397	394
Net foreign exchange (losses) / gains	(916)	176
Loss on sale of fixed assets	209	11
Loss on disposal of investments	6	-
(Increase) / decrease in work in progress	(11,072)	179
Decrease / (increase) in debtors	13,239	(29,110)
(Decrease) / increase in creditors	(18,824)	20,089
Net cash inflow from operating activities	5,944	3,185

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2001 £'000	2000 £'000
Net cash inflow / (outflow)	8,340	(640)
Opening net funds	2,106	2,746
Closing net funds	10,446	2,106

NOTES TO THE ACCOUNTS

Year ended 31 May 2001

20. ANALYSIS OF NET FUNDS

	1 June 2000 £'000	Cash flow in year £'000	31 May 2001 £'000
Cash at bank and in hand	2,106	10,252	12,358
Overdraft	-	(1,912)	(1,912)
Net funds	<u>2,106</u>	<u>8,340</u>	<u>10,446</u>

21. LEASING COMMITMENTS

At 31 May 2001, the group was committed to making the following payments during the next year in respect of operating leases:

	Other 2001 £	Other 2000 £
Leases which expire:		
Within one year	250	-
Within two to five years	750	590
In more than five years	-	-

22. PENSION COMMITMENTS

The group 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 group 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. An interim valuation was carried out as at 30 September 1999, and the resulting advice was that the employers should contribute 0.2% of members' Contributions Salary for the period 1 June 2000 to 31 May 2001. The Employers will make a payment to cover the cost of re-assuring the death in service lump sum benefit. The triennial actuarial valuation of the Scheme was made at 30 September 2000 using the projected unit method and the most significant assumptions used in determining the pension cost were:

Investment return	6.44% per annum
Pay increases	4.26% per annum
Increases to pensions in payment	2.76% per annum

At the valuation date the Scheme had assets with a total market value of £178,800,000. The market value of the assets represented 127.5% 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 from 1 June 2001.

The group's pension cost in respect of the Scheme for the year was £16,000 (2000: £199,000).

NOTES TO THE ACCOUNTS

Year ended 31 May 2001

22. PENSION COMMITMENTS (continued)

On 1 June 2001, a new Defined Contribution Section of the Scheme was set up. The employee contribution rate is 4% of Basic Salary and the employers contribution rate is 4% of Basic Salary for all employees aged 30 to 39 and 6% of Basic Salary for all employees aged 40 or over. In both cases the maximum payable is restricted to the Earnings Cap (for the year ended 5 April 2002 £95,400).

The group also operates a defined contribution pension plan. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost for the year of £168,000 (2000: £191,000) represents contributions payable by the group under the rules of the arrangements.

23. CAPITAL COMMITMENTS

At 31 May 2001 there were capital commitments of £20,000,000 contracted for but not provided in regard of the leasehold property (2000 £nil).

24. ULTIMATE PARENT UNDERTAKING

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

25. RELATED PARTY TRANSACTIONS

The group had the following transactions with related parties:

	2001 £'000	2000 £'000
Deloitte & Touche (D&T)		
Services provided by D&T to the group	(1,552)	(1,572)
Interest charged by D&T to the group	(2,273)	(791)
	<u> </u>	<u> </u>
Braxton Associates Limited (BAL)		
Management charge to BAL from the group	109	1,108
Services provided by BAL to the group	(1,417)	(2,554)
	<u> </u>	<u> </u>

All transactions were on an 'arm's length' basis and interest was charged at commercial rates.

Braxton Associates Limited is a company under the control of Deloitte & Touche.

In addition, a service charge has been paid by Deloitte Consulting Limited to the United Kingdom partnerships of D&T Consulting One, D&T Consulting Two and D&T Consulting Three as disclosed in note 3 of the accounts.

Balances with related parties are disclosed in notes 13 and 14 of the accounts.