

REGISTERED NUMBER: 00414220 (England and Wales)

PA Consulting Services Limited
Strategic Report, Directors' Report and
Financial Statements for the Year Ended 31 December 2023

PA Consulting Services Limited

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for the Year Ended 31 December 2023**

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PA Consulting Services Limited
Company Information
for the Year Ended 31 December 2023

Directors:	C R S Barrett K Janjuah H J Maule D M Vickerstaffe C D F Norris
Secretary:	J W Greenfield
Registered office:	10 Bressenden Place London United Kingdom SW1E 5DN
Registered number:	00414220 (England and Wales)
Independent auditors :	Ernst & Young LLP One Cambridge Square Cambridge CB4 0AE
Bankers:	HSBC Bank plc West End CBC 69 Pall Mall London SW1Y 5EY

PA Consulting Services Limited
Strategic Report
for the Year Ended 31 December 2023

The directors present their strategic report for the year ended 31 December 2023.

Review of business

During 2023, we saw a continuation of many market demand trends in our key sectors. We saw strong demand for our Defence and Security services, winning major complex programme projects across the sector as global instability continued. Our landmark CRENIC programme - a large scale, multi-year contract providing next-generation solutions to counter threats - successfully reached its first-year anniversary. AI and cyber security also continued to drive client interest and demand for our data and digital skills.

This year we have strengthened our partnership with Pulpac to further develop their cellulose fibre manufacturing processes, heading up working collectives with participants from multiple industries with a focus on complex applications to specific product packaging.

However, economic conditions in 2023 did impact growth in other markets, and throughout the year we saw a slowdown in client decision-making, with projects paused due to uncertainty and industry disruption. In addition to this prior years benefited from the COVID pandemic work which ceased in the current year.

Turnover for the year ended 31 December 2023 increased by 5 percent to £769.0 million (2022: £732.0 million).

Despite the challenging external cost environment continuing throughout 2023, the Company has managed to successfully maintain consistent profit margins. We saw our gas and electricity rates for our UK properties increase our utilities spend by 155 percent in the year, despite two UK government relief schemes in this period. With the market becoming more stable, the Company has secured better utility rates with our supplier for 2024 which positively are now below the scheme assistance threshold. The impact of these costs was offset in the year by a one-off back-dated rates reimbursement following a change in assessed rateable value of our UK head office space.

Systems and related costs make up a large part of our cost base. This year we experienced an increase in software costs predominately for new cloud-based systems and tools implemented, due to the additional licences required and the associated implementation costs being expensed as an operating cost over the life of the underlying licence, compared with historical capital treatment of on-premise solutions.

The Company's profit for the year was £129.0 million (2022: £104.0 million).

We continue to develop our firm around our clear purpose of Bringing Ingenuity to Life. Everything we do, both with clients and internally, is aligned around this clear statement. This has resonated well in our markets and with clients, both new and long-standing. Whilst there has been some softening in certain markets, the pipeline of work remains healthy. Indeed, the attention to cost control in the year ensured we entered 2024 better able to capitalise on opportunities and continue healthy, sustainable growth.

The directors consider the result for the year and the financial position at the end of the year to be in line with expectations.

Principal risks and uncertainties

The Company is a member of the PA Consulting Group of companies ('the Group'). Business performance and principal risks and uncertainties of the Company are integrated with the performance and principal risks of the Group, and are not managed separately. For this reason, the Company's directors believe that further analysis is not necessary for an understanding of the development, performance, position or risks of the business. A detailed review of the business of the Group and a description of the risks and uncertainties facing it can be found in the PA Consulting Group Limited report and accounts for 2023.

PA Consulting Services Limited
Strategic Report
for the Year Ended 31 December 2023

Section 172(1) statement

This section comprises our Section 172(1) Statement and should be read in conjunction with the Strategic Report on page 2.

The directors of the Company have acted in a way they considered, in good faith, to be most likely to promote the success of the Company for the benefit of the members as a whole, and in doing so had regard, among other things to:

- the likely consequences of any decision in the long term
- the interests of the Company's employees
- the need to foster business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment
- the desirability of the Company maintaining its reputation for high standards of business conduct
- the need to act fairly as between the members of the Company.

The Company is a wholly-owned subsidiary of PA Consulting Group Limited and its governance and operating practices are aligned with the Group.

The Group's six core values - passionate about people, inspired by client value, creating commercial success, prizing our ethical approach, seeking to excel and achieving success through shared endeavours - are enshrined in our Code of Conduct and drive the way PA and its directors behave with clients, with each other and with everyone else we meet through our work.

Our core values which are set by the board of PA Consulting Group Limited define our organisation and represent a personal commitment by every one of our people worldwide.

The governance and control framework which is in place across the Group ensures that our core values are upheld and that decisions made by the board of PA Consulting Services Limited give due regard to the long-term impact of those decisions, the interests of the Company's stakeholders, and the impact of the Company's activities on the community, the environment and the Company's reputation. The key stakeholders which are considered by the board when making decisions include our people, clients and shareholders, as well as suppliers, the environment and the communities around us.

The board receives regular and timely information on all key aspects of the business, and decisions made are done so after careful consideration and debate of all information and detailed papers which focus on relevant stakeholder considerations.

The directors of PA Consulting Services Limited have access to advice and guidance from the Group Company Secretary, as well as PA's company secretariat and Group legal functions when discharging their duties. Day-to-day management of client work is delegated to PA Partners, approving and overseeing the execution of the business strategy and related policies within a governance framework. Board meetings are held periodically where the directors consider the Company's activities and make decisions. As part of those meetings the directors receive information which includes information relevant to section 172 matters when making decisions.

Our clients, and the work we do for them, are the cornerstone of our purpose, and strategy. The way that we contribute to our accounts and build successful and enduring relationships is critical to our success. We engage with our clients closely, working side by side with them in every job we do. In addition to the work we do every day on client assignments, we produce many insight and thought leadership pieces on issues that are at the top of the minds of our clients. Each year PA publishes an Ingenuity Review which provides an important 'window' on PA for our clients, as well as investors, PA people and potential new joiners. To further understand how well we are meeting the needs of our clients, we undertake client value reviews. We're proud to work with clients who make a positive contribution on ground-breaking and innovative projects that improve people's lives. We care about what we do and the impact we deliver. Our clients are ambitious to innovate and transform their organisations, markets and society, and we go the extra mile to realise that goal.

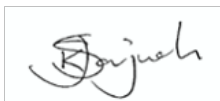
In pursuit of creating a positive human future in a technology-driven world, we give time and expertise to support communities, focusing our efforts to inspire the next generation of ingenious thinkers. In 2023, we continued to give back to our communities. We provided our time and expertise to initiatives like our Raspberry Pi competition - now in its eleventh year - our Springboard programme and our Women in Tech courses.

PA Consulting Services Limited

**Strategic Report
for the Year Ended 31 December 2023**

Investing in our communities also extends to ensuring our actions as an organisation make a positive contribution to addressing the climate crisis. As well as the innovative work we do with our clients to tackle climate changes and environmental challenges. The Group has set Science-Based Targets to ensure our own environmental practices contribute to limiting the global temperature rise to 1.5 °C.

Approved by the board and signed on its behalf by:



.....
K Januah - Director

Date: 5 September 2024

PA Consulting Services Limited

Directors' Report for the Year Ended 31 December 2023

The directors present their report with the financial statements of the Company for the year ended 31 December 2023.

Principal activity

The principal activity of the Company in the year under review was that of provision of a range of consultancy services to government and industry. The Company is based in the United Kingdom with branches in Australia, the Republic of Ireland, Spain, Switzerland and Dubai. The Company's consultancy services are mainly delivered by employees of PA Holdings Limited, a fellow group company.

Dividends

No dividends will be distributed for the year ended 31 December 2023.

Research and development

PA is committed to new knowledge creation and innovation through the provision of research and development for clients and through investing in projects internally. The Company will continue its policy of investment in research and development in order to retain a competitive position in the market.

Future developments

In 2024 the Company will continue to provide a range of consultancy services to government and industry.

Directors

The directors shown below have held office during the whole of the period from 1 January 2023 to the date of this report.

C R S Barrett
K Janjuah
H J Maule
D M Vickerstaffe

Other changes in directors holding office are as follows:

W A Lambe - resigned 18 January 2023
K J Toombs - resigned 12 May 2023

C D F Norris - appointed 23 April 2024

Political and charitable donations

No political donations were made during the year.

During the year the Company made charitable donations of £20,000 (2022: £1,575,783), 2022 included a donation of £1,500,000 to the PA Foundation an independent charity launched in 2021.

Environmental matters

As described in the PA Consulting Group Limited report and accounts, PA is committed to setting science-based targets to ensure our firm's environmental practices contribute to limiting the increase in global temperature to below 1.5 °C.

Branches outside the United Kingdom

The Company has branches active in Australia and the Republic of Ireland. Trading activity in its Spanish, Swiss and Dubai branches ceased in 2021.

PA Consulting Services Limited

Directors' Report for the Year Ended 31 December 2023

Going concern

Having considered the financial position, trading performance and forecast cash flows, along with the principal risks of the business, of the Company and wider PA Group, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The assessment of the Company is based on the going concern assessment of the wider PA group as the business is reliant on other members of the group for staffing and finance. The company has obtained a letter of support from PA Consulting Group Limited.

As described in the Group Annual Report, the Directors have taken into account short and mid-term trading and cash forecasts, covering the period to 31 December 2025, potential global or economic impacts on the numbers included in those forecasts and the availability of funding sources for the Group. The board-approved 2024 budget forms the basis of the forecast used as part of the review with extrapolation at growth rates deemed achievable for the 12 months after this. In creating the budget, consideration has been given to the shape and size of workforce required to service anticipated demand and rates of utilisation achievable in the current economic climate, potential impact on demand from the UK general election, continued inflationary impacts on more volatile cost base components, such as utilities, and have assumed financing rates remain towards the top end of the rates experienced in 2023. The forecast shows operating cashflow to be strong throughout the review period.

The directors have also assessed the tolerance of the cash flows to adverse impacts on these assumptions for the key financial performance drivers. These are considered in the review period to be the risk of client demand dropping through continued pressure on discretionary spend in parallel with the UK post-election government tightening the public spending policy on professional services and continued wage inflation above budgeted rates. The downside case, incorporating a combination of significant revenue reduction and employment cost increase, demonstrated that the Group's business model, is sufficiently robust and has excess liquidity headroom to absorb a sizeable and sustained downturn. Other global events have been considered as part of the review, principally the on-going Israel-Gaza conflict, but these are not considered by the directors to create a significant risk of impact for the Group's operations.

On the basis of the Group's forecast position, of which the Company is the largest contributor, and from the outcome of the downside scenario, the directors are satisfied that the Company's business model is robust and flexible. The directors are further satisfied that the Company has sufficient resources and liquidity to continue to trade for the foreseeable future and conclude that there are no significant doubts about the Company's ability to continue as a going concern.

Directors liabilities

In accordance with the Articles of Association, the sole shareholder has provided to all the directors an indemnity (to the extent permitted by the Companies Act 2006) in respect of liabilities incurred as a result of their office. The Group has taken out an insurance policy in respect of those liabilities for which directors may not be indemnified. Neither the indemnity nor insurance provides cover in the event that the director is proved to have acted dishonestly or fraudulently.

PA Consulting Services Limited

**Directors' Report
for the Year Ended 31 December 2023**

Engagement with suppliers, customers and others

In addition to our Raspberry Pi competition, work experience programmes and our Women in Tech programme, we continue to support many other good causes and aid social mobility through our Giving Back and Volunteering programmes.

At PA we are committed to the equal treatment of all and we treat all our people with dignity and respect, providing a productive working environment free from discrimination, victimisation, coercive pressure, bullying and harassment.

We take steps to ensure that there is no human trafficking or modern slavery in our supply chain or within any part of our business, and we encourage our suppliers to adopt best practices in terms of human rights and diversity, which we assess through our supplier pre-qualification questionnaire.

Economic responsibility is enshrined in our purpose, our values and our business processes. PA supports sustainable procurement methods, whether prescribed by legislation or through our own policies. As well as the traditional procurement benchmarking criteria of price and quality, we support the 'triple bottom line' ideology and consider social, environmental and economic factors in the procurement decision-making process. Our supplier diversity principles help ensure that we treat all suppliers fairly and that we engage with a diverse range of businesses, including minority-owned, women-owned, veteran-owned and small businesses.

We remain an approved signatory to the UK Prompt Payment Code and we report twice annually on our payment practices and performance in accordance with the regulations made under the Small Business, Enterprise and Employment Act 2015 in the UK.

Our Strategic Report gives details of our engagement with our clients.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Ernst & Young LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the board and signed on its behalf by:



.....
K Janjuah - Director

Date: 5 September 2024
.....

PA Consulting Services Limited

Statement of Directors' Responsibilities for the Year Ended 31 December 2023

The directors are responsible for preparing the Strategic Report, the Directors' 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping 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.

Independent Auditors' Report to the Members of PA Consulting Services Limited

Opinion

We have audited the financial statements of PA Consulting Services Limited for the year ended 31 December 2023 which comprise Income Statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period until 31 December 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Independent Auditors' Report to the Members of
PA Consulting Services Limited**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of PA Consulting Services Limited

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.


- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are which relate to the reporting framework (FRS 102 and the Companies Act 2006), direct and indirect tax compliance regulations in the jurisdictions in which the Company operates and Miscellaneous Reporting Regulations 2018. In addition, the Company has to comply with laws and regulations relating to domestic and overseas operations, including money laundering regulations, health and safety, employment law, data protection and anti-bribery and corruption.
- We understood how the Company is complying with those frameworks by making enquiries of management, internal audit and internal legal counsel to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of board minutes, inspection of the Company's internal audit reports for matters specific to PA Consulting Services Limited, review of correspondence with relevant authorities, as well as consideration of the results of our audit procedures across the company to either corroborate our findings or provide contrary evidence which was followed up.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there is susceptibility to fraud. We made inquiries with the Head of legal to identify and assess any whistle blowing incidences which could have a financial reporting impact.
- After completing these inquiries and identifying the company's employee bonus plan as a potential fraud incentive, we concluded that revenue was susceptible to fraud via management overriding controls relating to the recognition of revenue on fixed price material contracts which are open at year end. We considered the controls which the company has established to address risks identified, or that otherwise prevent and detect fraud and how management monitors those controls.
- To address the identified fraud risks, we also incorporated data analytics into our testing of revenue journals, including segregation of duties, and into our testing of revenue recognition with particular focus on journals around year end and any unusual account pairings. We have performed procedures on the judgements and estimates applied in the revenue contracts to ensure the accuracy of WIP. We tested specific transactions back to source documentation and ensured appropriate authorisation of the transactions.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries with the Head of Legal and inspecting the litigation registers for any ongoing legal cases which could result in noncompliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

**Independent Auditors' Report to the Members of
PA Consulting Services Limited**

Use of our report

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 Auditors' 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.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, slightly slanted style. The "Ernst" and "Young" are written in a larger, more prominent script, while "&" and "LLP" are smaller and more compact.

Andrew Meek (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge

Date: 05 September 2024

PA Consulting Services Limited

**Income Statement
for the Year Ended 31 December 2023**

	Notes	2023 £'000	2022 £'000
Turnover	3	769,116	731,972
Cost of sales		<u>(574,960)</u>	<u>(546,264)</u>
Gross profit		194,156	185,708
Administrative expenses		<u>(59,926)</u>	<u>(61,295)</u>
		134,230	124,413
Other operating income	4	<u>8,591</u>	<u>7,335</u>
Operating profit	7	142,821	131,748
Interest receivable and similar income	9	19,451	3,692
Interest payable and similar expenses	10	<u>(1,318)</u>	<u>(449)</u>
Profit before taxation		160,954	134,991
Tax on profit	11	<u>(31,736)</u>	<u>(30,539)</u>
Profit for the financial year		<u><u>129,218</u></u>	<u><u>104,452</u></u>

The notes on pages 17 to 35 form part of these financial statements

PA Consulting Services Limited

**Other Comprehensive Income
for the Year Ended 31 December 2023**

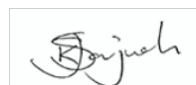
Notes	2023 £'000	2022 £'000
Profit for the year	129,218	104,452
Other comprehensive income/(loss)		
Exchange on retranslation of branches	394	(1,849)
Actuarial loss on pension scheme	(22)	(14)
Income tax relating to components of other comprehensive income/(loss)	-	-
	<hr/>	<hr/>
Other comprehensive income/(loss) for the year, net of income tax	372	(1,863)
	<hr/>	<hr/>
Total comprehensive income for the year	129,590	102,589
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The notes on pages 17 to 35 form part of these financial statements

Statement of Financial Position
31 December 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	12	156	388
Tangible assets	13	33,246	28,847
Investments	14	1	1
		<u>33,403</u>	<u>29,236</u>
Current assets			
Debtors: amounts falling due within one year	15	585,688	496,998
Debtors: amounts falling due after more than one year	15	7,364	8,343
Cash at bank	16	67,481	50,100
		<u>660,533</u>	<u>555,441</u>
Creditors			
Amounts falling due within one year	17	(222,272)	(242,654)
Net current assets		<u>438,261</u>	<u>312,787</u>
Total assets less current liabilities		471,664	342,023
Creditors			
Amounts falling due after more than one year	18	(1,109)	(1,672)
Provisions for liabilities	20	(1,329)	(715)
Net assets		<u>469,226</u>	<u>339,636</u>
Capital and reserves			
Called up share capital	21	200	200
Retained earnings		469,026	339,436
Shareholders' funds		<u>469,226</u>	<u>339,636</u>

The financial statements were approved by the Board of Directors and authorised for issue on 5 September 2024 and were signed on its behalf by:



.....
K Janjuah - Director

PA Consulting Services Limited

**Statement of Changes in Equity
for the Year Ended 31 December 2023**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2022	200	236,847	237,047
Profit for the year	-	104,452	104,452
Other comprehensive income	-	(1,863)	(1,863)
Total comprehensive income	-	102,589	102,589
Balance at 31 December 2022	200	339,436	339,636
Profit for the year	-	129,218	129,218
Other comprehensive income	-	372	372
Total comprehensive income	-	129,590	129,590
Balance at 31 December 2023	200	469,026	469,226

The notes on pages 17 to 35 form part of these financial statements

PA Consulting Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

1. Statutory information

PA Consulting Services Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The financial statements are presented in pounds sterling (£'000s).

2. Accounting policies

Basis of preparing the financial statements

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

The Company's financial statements have been prepared in compliance with FRS 102 'The Financial Reporting Standard applicable to the UK and the Republic of Ireland as it applies to the financial statements of the Company for the year ended 31 December 2023.

The principal accounting policies used in preparing these financial statements are set out below. These policies have been consistently applied to all the years presented in dealing with items that are considered material in relation to the financial statements.

The financial statements have been prepared on the going concern basis of accounting under the historical cost convention, except for pension assets and liabilities that are measured at fair value.

Going concern

Having considered the financial position, trading performance and forecast cash flows, along with the principal risks of the business, of the Company and wider PA Group, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The assessment of the Company is based on the going concern assessment of the wider PA group as the business is reliant on other members of the group for staffing and finance. The company has obtained a letter of support from PA Consulting Group Limited.

As described in the Group Annual Report, the Directors have taken into account short and mid-term trading and cash forecasts, covering the period to 31 December 2025, potential global or economic impacts on the numbers included in those forecasts and the availability of funding sources for the Group. The board-approved 2024 budget forms the basis of the forecast used as part of the review with extrapolation at growth rates deemed achievable for the 12 months after this. In creating the budget, consideration has been given to the shape and size of workforce required to service anticipated demand and rates of utilisation achievable in the current economic climate, potential impact on demand from the UK general election, continued inflationary impacts on more volatile cost base components, such as utilities, and have assumed financing rates remain towards the top end of the rates experienced in 2023. The forecast shows operating cashflow to be strong throughout the review period.

The directors have also assessed the tolerance of the cash flows to adverse impacts on these assumptions for the key financial performance drivers. These are considered in the review period to be the risk of client demand dropping through continued pressure on discretionary spend in parallel with the UK post-election government tightening the public spending policy on professional services and continued wage inflation above budgeted rates. The downside case, incorporating a combination of significant revenue reduction and employment cost increase, demonstrated that the Group's business model, is sufficiently robust and has excess liquidity headroom to absorb a sizeable and sustained downturn. Other global events have been considered as part of the review, principally the on-going Israel-Gaza conflict, but these are not considered by the directors to create a significant risk of impact for the Group's operations.

On the basis of the Group's forecast position, of which the Company is the largest contributor, and from the outcome of the downside scenario, the directors are satisfied that the Company's business model is robust and flexible. The directors are further satisfied that the Company has sufficient resources and liquidity to continue to trade for the foreseeable future and conclude that there are no significant doubts about the Company's ability to continue as a going concern.

PA Consulting Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2023

2. Accounting policies - continued

Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of paragraphs 26.18(a) and 26.18(b), 26.19 to 26.21 and;
- the requirement of paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about PA Consulting Services Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, PA Consulting Group Limited, 10 Bressenden Place, London, SW1E 5DN.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets and liabilities, income and expenses. The Company bases its estimates and judgements on historical experience and other factors deemed reasonable under the circumstances, including any expectations of future events. Actual results may differ from these estimates. The estimates and judgements considered to be significant are detailed below:

Taxation

Judgement is required when determining the provision for taxes as the tax treatment of some transactions cannot be finally determined until a formal resolution has been reached with the tax authorities. Assumptions are made around the level of disallowable expenses and provisions are also made for uncertain exposures; this affects the tax calculation and can have an impact on both deferred and current tax. Tax assets are not recognised unless it is probable that the benefit will be realised and tax provisions are made if it is probable that a liability will arise. The final resolution of these transactions may give rise to adjustments to the income statement and/or cash flow in future periods. The Company reviews each significant tax asset or liability each period to assess the appropriate accounting treatment. Refer to note 11 for further details.

Turnover from fixed price contracts

Turnover from fixed price contracts is recognised with reference to management's judgement of the stage of completion of the contract at the end of the reporting period and includes an estimate of the costs to complete the contract. Performance over the remaining contract term may result in revised estimates of turnover and costs with cumulative adjustment to revenue and profit reported in future periods.

Provisions for work in progress assets and customer receivables

Provisions are made for work in progress assets and customer receivables where there is doubt over their recoverability. The provision is an estimate calculated in accordance with a defined company policy based on historical experience and information available at the reporting date. Future recovery or otherwise of these assets will result in a release of the provision or increase in the charge to the income statement.

Provision for liabilities

The Company recognises a provision for liabilities when it has a present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation. Determining the level of provision required requires the use of both judgement and estimates. Subsequent resolution of these matters may result in an increase or decrease in the actual cash out flows required to settle the liability.

PA Consulting Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2023

2. Accounting policies - continued

Turnover

Turnover represents the fair value of the consideration received or receivable for consulting services on each client assignment provided during the period, including expenses and disbursements but excluding value added tax and other similar sales taxes. Expenses and disbursements include mileage, accommodation, materials and subcontractor fees.

For each client assignment, the Company considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for each client assignment, the Company considers the effects of variable consideration. The Company does not have client contracts with significant financing components or non-cash consideration.

Turnover from time and materials contracts is recognised as the services are provided on the basis of time worked at an hourly or daily rate and as direct expenses and disbursements are incurred.

For fixed-price contracts, provided the Company has an enforceable right to payment for performance completed to date, turnover is recognised over the contract term using the percentage of completion method (input method). An input method has been selected as there is a direct relationship between the Company's effort, as measured by the Company's costs incurred, and the transfer of service to the customer.

The stage of completion of a fixed-priced contract is measured as the proportion that costs incurred for work performed to date bear to the estimated total costs of the contract. Estimated total costs of the contract (primarily consultant time) are reviewed regularly and, where necessary, revised.

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for services rendered to the client. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant reversal in the cumulative amount of turnover recognised will not occur when the associated uncertainty of the variable consideration is subsequently resolved. The Company's gain share contracts are treated under the variable turnover model.

No turnover is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs. An expected loss on a contract is recognised immediately in the income statement.

For the majority of contracts, turnover is recognised over time as services are performed. The Company has client contracts that require payments in advance of services performed. This results in contract liability balances, and client contracts that require payment after services are performed, resulting in contract asset balances.

Where the Company uses subcontractors to provide services to a customer, an assessment is made of whether the Company controls the subcontracted services before transferring them to the customer. If the Company controls the services, the Company acts as a principal and recognises turnover from subcontractor services on a gross basis (i.e., the full amount billed to the customer) with the subcontractor costs recognised in direct costs. If the Company does not control the services, the Company acts as an agent and recognises turnover from subcontractor services on a net basis (i.e., the amount billed to the customer less the amount paid to the subcontractor).

Intangible assets

Intangible assets are capitalised at cost and amortised over the period during which the Company is expected to benefit.

Intangible assets relate to investments in new enterprise resource planning (ERP) software. The costs capitalised represent costs of development by an external company and are amortised on a straight-line basis over their useful life of three years. Internal costs of development are expensed as incurred.

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

PA Consulting Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2023

2. Accounting policies - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- straight line over 10 - 50 years
Short leasehold	- equally over the lease period
Assets under construction	- no depreciation until asset is complete
Office furniture, equipment and machinery	- straight line over 3 - 10 years
Computer equipment	- straight line over 2 - 5 years

Tangible fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment. Cost comprises purchase price after discounts and rebates plus all directly attributable costs of bringing the asset to working condition for its intended use. Finance costs are not capitalised and are recognised as an expense when incurred.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that carrying values may not be recoverable.

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

The Company has adopted the accrual model for the recognition of government grants.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Investments in subsidiaries

Fixed asset investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit and loss). Subsequently, they are measured at fair value through profit and loss except for those equity investment that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available.

If a reliable measure of fair value is no longer available, the equity investment's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

The carrying value of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The value in use method is used to value the investment.

Financial instruments

Trade receivables and other receivables do not carry interest and are stated at amortised cost net of any provisions.

Trade and other payables are not interest-bearing and are stated at amortised cost, except for employee-related liabilities payable 12 months after the statement of financial position date.

PA Consulting Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2023

2. Accounting policies - continued

Taxation

The tax charge comprises current tax payable and deferred tax.

The current tax charge represents an estimate of the amounts payable to tax authorities in respect of the Company's taxable profit and is based on an interpretation of existing tax laws. Taxable profit differs from profit before tax as reported in the income statement as it excludes certain items of income and expense that are taxable or deductible in other years or are never taxable or deductible.

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial purposes and the amounts used for taxation purposes.

- Deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.
- Deferred tax assets and liabilities are offset against each other where there is a legally enforceable right to set off current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

Research and development

Research expenditure is written off to the income statement in the period in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the Company is expected to benefit.

Foreign currencies

(a) Functional and presentation currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. The financial statements are presented in sterling, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at rates ruling at the statement of financial position date. Such exchange differences are included in the profit and loss account under other administrative expenses. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transactions.

(c) Consolidation

For the purpose of presenting the financial statements, the results and financial position of overseas branches (none of which has the currency of a hyperinflationary economy) that have a functional currency other than sterling are translated into sterling as follows:

Assets and liabilities within the statement of financial position are translated at the exchange rate at the balance sheet date;

Income and expenses within the income statement are translated at exchange rates approximating to the rates ruling at the dates transactions occurred;

The foreign exchange differences arising on retranslation of overseas branches are recognised in the Company's profit and loss reserve.

PA Consulting Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2023

2. Accounting policies - continued

Operating lease income and expense

(a) Rental expense

Operating lease rentals are charged as other administrative expenses to the income statement in equal annual amounts over the lease term. Assets leased under operating leases are not recorded on the statement of financial position because the lessor retains a significant portion of the risks and rewards of ownership.

(b) Lease incentives

The benefit of lease incentives such as rent-free periods or up-front cash payments are spread equally on a straight-line basis over the lease term.

(c) Rental income

Operating lease income consists of rentals from subtenant agreements and are recognised on a straight-line basis over the lease term and classified as other operating income in the income statement.

Employee benefits

Defined benefit pension schemes

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations), and is based on actuarial advice. When a settlement, amendment or a curtailment occurs, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss that is recognised in the income statement during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate at the start of the period, and taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the income statement in subsequent periods.

The defined net benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high-quality corporate bonds) less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

PA Consulting Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2023

2. Accounting policies - continued

Cash

Cash includes cash in hand, deposits held with banks, other short-term deposits and other liquid investments accessible within 24 hours without penalty.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition, debt is increased by the finance cost in respect of the reporting period and reduced by repayments made in the period.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount. Interest payable is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Provisions

The Company recognises a provision when it has a present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date.

Provision is made for property lease commitments, to restore premises to their original condition upon vacating them where such an obligation exists under the lease.

Other provisions include provisions mostly in respect of legal actions or claims against the Company. In the opinion of the directors, the provisions made represent sufficient and adequate provision to cover the likely result of any action or claim.

Share capital

The ordinary shares are classified as equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are measured at the fair value of the cash or other proceeds received or receivable, net of direct issue costs. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Provision of services and agency agreement with PA Holdings Limited

PA Holdings Limited has agreed to provide the Company and the Company has agreed to receive and pay for the services of PA Holdings Limited personnel.

Under the terms of the agreement with PA Holdings Limited, the Company has agreed to pay and discharge, as agent for PA Holdings Limited, all salary and other remuneration in respect of the personnel whose services are provided by PA Holdings Limited and account to HMRC for any PAYE or national insurance contributions due in respect of remuneration paid to personnel of PA Holdings Limited.

In fulfilling its obligations as an agent, the Company recognises certain employment related liabilities related to the personnel of PA Holdings Limited:

- for deferred employee remuneration the Company recognises deferred employee remuneration liabilities where there is a past practice that has created a constructive obligation or there is a contractual obligation. Deferred employee remuneration due in more than one year relates to the deferral of remuneration for certain personnel of PA Holdings Limited for between one to three years after they have been awarded.
- for accumulating compensated absences, primarily annual leave, the Company recognises the expected cost of the absences, when the employees of PA Holdings Limited render service that increases their entitlement to future compensated absences.

PA Consulting Services Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2023**

3. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

	2023 £'000	2022 £'000
United Kingdom	735,152	705,379
Europe (excluding Scandinavia)	7,323	5,601
Scandinavia	5,277	2,286
Americas	15,817	18,172
Asia Pacific	5,547	534
	<u>769,116</u>	<u>731,972</u>

4. Other operating income

	2023 £'000	2022 £'000
Rental income from property subleases	-	66
Government grants - R&D tax credit	8,591	7,269
	<u>8,591</u>	<u>7,335</u>

5. Employees and directors

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023 £'000	2022 £'000
Wages and salaries	400	521
Social security costs	15	13
Pension costs for the defined contribution scheme	47	51
Other employee expense	29	20
	<u>491</u>	<u>605</u>

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2023 No.	2022 No.
Consultants	1	1
Administration and support	1	1
	<u>2</u>	<u>2</u>

PA Consulting Services Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2023**

6. Directors' emoluments

The directors' remuneration for the year was as follows:

	2023 £'000	2022 £'000
Aggregate emoluments in respect of qualifying services	3,670	3,144
Company contributions to money purchase pension schemes	13	29
	3,683	3,173
	3,683	3,173

During the year the number of directors who were receiving benefits and share incentives were as follows:

	2023 No.	2022 No.
Accruing benefits under money purchase pension scheme	2	3
	2	3
	2	3

In respect of the highest paid director:

	2023 £'000	2022 £'000
Total amount of emoluments and amounts receivable under long-term incentive scheme	933	1,088
	933	1,088
	933	1,088

All directors were employed by and received all emoluments from other PA Group undertakings. The directors perform duties for multiple entities in the PA Group and it is not practical to allocate their compensation between group entities. The amounts disclosed above represent total amounts paid for services provided to all group companies.

7. Operating profit

The operating profit is stated after charging/(crediting):

	2023 £'000	2022 £'000
Operating lease expense - plant and machinery	47	54
Operating lease expense - property	5,460	4,976
Depreciation - owned assets	6,186	4,842
Loss on disposal of fixed assets	110	96
Computer software amortisation	232	508
Foreign exchange differences	1,589	(284)
Research and development cost	26,485	47,900
	26,485	47,900
	26,485	47,900

8. Auditors' remuneration

Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements

	2023 £'000	2022 £'000
	201	177
	201	177
	201	177

PA Consulting Services Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2023**

9. Interest receivable and similar income

	2023	2022
	£'000	£'000
Other interest receivable	2	11
Net interest on pension	11	4
Interest receivable on amounts owed by group undertakings	19,438	3,677
	<u>19,451</u>	<u>3,692</u>

Interest receivable on amounts owed by group undertakings represents interest receivable on amounts deposited with PA Group Treasury Services Limited.

10. Interest payable and similar expenses

	2023	2022
	£'000	£'000
Interest expense on other finance liabilities	1	16
Interest payable on amounts owed to group undertakings	1,317	433
	<u>1,318</u>	<u>449</u>

11. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2023	2022
	£'000	£'000
Current tax:		
UK corporation tax	34,592	26,159
UK corporation tax adjustment to prior periods	(6,120)	5,355
Total current tax	<u>28,472</u>	<u>31,514</u>
Deferred tax:		
Deferred tax	(645)	(831)
Deferred tax adjustment relating to previous years	3,909	(144)
Total deferred tax	<u>3,264</u>	<u>(975)</u>
Tax on profit	<u>31,736</u>	<u>30,539</u>

PA Consulting Services Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2023**

11. Taxation - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2023	2022
	£'000	£'000
Profit before tax	160,954	134,991
Profit multiplied by the standard rate of corporation tax in the UK of 23.500% (2022 - 19%)	37,824	25,648
Effects of:		
Expenses not deductible for tax purposes	637	410
Effect of tax losses	(3,822)	(731)
Tax underprovided/(overprovided) in previous years	(2,211)	5,212
Research and development tax credits	(692)	-
Total tax charge	<u>31,736</u>	<u>30,539</u>

Tax effects relating to effects of other comprehensive income

	2023		
	Gross	Tax	Net
	£'000	£'000	£'000
Exchange on retranslation of branches	394	-	394
Actuarial loss on pension scheme	(22)	-	(22)
	<u>372</u>	<u>-</u>	<u>372</u>
	<u>372</u>	<u>-</u>	<u>372</u>
	2022		
	Gross	Tax	Net
	£'000	£'000	£'000
Exchange on retranslation of branches	(1,849)	-	(1,849)
Actuarial (loss)/gain on pension scheme	(14)	-	(14)
	<u>(1,863)</u>	<u>-</u>	<u>(1,863)</u>
	<u>(1,863)</u>	<u>-</u>	<u>(1,863)</u>

PA Consulting Services Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2023**

11. Taxation - continued

Deferred tax

Deferred tax assets and liabilities

	Asset £'000	Liability £'000
2023		
Other timing differences	3,351	-
Accelerated capital allowances	-	(1,884)
	3,351	(1,884)
	3,351	(1,884)
2022		
Other timing differences	4,877	-
Accelerated capital allowances	-	(481)
	4,877	(481)
	4,877	(481)

Deferred tax liabilities relating to accelerated capital allowances will reverse as the underlying assets are depreciated. Deferred tax assets mainly represent deferred remuneration. These will reverse as the deferred remuneration is paid. They have no expiry date.

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period is £2,407,000 (2022 : £4,740,000).

Factors that may affect future tax charges

The Finance Act 2021 confirmed an increase of UK corporation tax rate from 19 per cent to 25 per cent with effect from 1 April 2023. Temporary differences have been measured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

12. Intangible fixed assets

	Computer software £'000
Cost	
At 1 January 2023	
and 31 December 2023	10,702
Amortisation	
At 1 January 2023	10,314
Amortisation for year	232
At 31 December 2023	10,546
Net book value	
At 31 December 2023	156
At 31 December 2022	388

PA Consulting Services Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

13. Tangible fixed assets

	Freehold property £'000	Short leasehold £'000	Assets under construction £'000
Cost			
At 1 January 2023	20,418	8,274	2,688
Additions	7,008	194	477
Disposals	-	-	-
Transfers	2,688	-	(2,688)
At 31 December 2023	<u>30,114</u>	<u>8,468</u>	<u>477</u>
Depreciation			
At 1 January 2023	6,952	3,154	-
Charge for year	1,432	651	-
Eliminated on disposal	-	-	-
Transfers	-	-	-
At 31 December 2023	<u>8,384</u>	<u>3,805</u>	<u>-</u>
Net book value			
At 31 December 2023	<u>21,730</u>	<u>4,663</u>	<u>477</u>
At 31 December 2022	<u>13,466</u>	<u>5,120</u>	<u>2,688</u>
	Office furniture, equipment and machinery £'000	Computer equipment £'000	Totals £'000
Cost			
At 1 January 2023	7,147	10,298	48,825
Additions	1,346	1,573	10,598
Disposals	(28)	(1,417)	(1,445)
Transfers	-	46	46
At 31 December 2023	<u>8,465</u>	<u>10,500</u>	<u>58,024</u>
Depreciation			
At 1 January 2023	4,110	5,762	19,978
Charge for year	944	3,159	6,186
Eliminated on disposal	(28)	(1,307)	(1,335)
Transfers	-	(51)	(51)
At 31 December 2023	<u>5,026</u>	<u>7,563</u>	<u>24,778</u>
Net book value			
At 31 December 2023	<u>3,439</u>	<u>2,937</u>	<u>33,246</u>
At 31 December 2022	<u>3,037</u>	<u>4,536</u>	<u>28,847</u>

PA Consulting Services Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2023**

14. Fixed asset investments

	Shares in group undertakings £'000
Cost	
At 1 January 2023 and 31 December 2023	1
Net book value	
At 31 December 2023	1
At 31 December 2022	1

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
PA Technology Solutions Limited	Ordinary Shares	100.00%	Consultancy
PA Middle East Limited	Ordinary Shares	100.00%	Consultancy
PA Pension Trustees Limited	Ordinary Shares	100.00%	Dormant
PA Pension Trustees Two Limited	Ordinary Shares	48.00%	Dormant

The registered office for all of the above investments is 10 Bressenden Place, London, SW1E 5DN.

PA Middle East Limited holds a 49% investment in PA Consulting Group (Qatar) LLC (incorporated in Qatar) in accordance with Qatar Commercial Companies Law and therefore the Company has a 49% indirect investment in PA Consulting Group (Qatar) LLC.

15. Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade debtors	71,683	70,061
Amounts owed by group undertakings	467,365	378,259
Other debtors	4,007	9,104
Income tax asset	752	1,148
Accrued income	31,011	29,879
Prepayments	10,870	8,547
	585,688	496,998
Amounts falling due after more than one year:		
Other debtors	5,897	3,612
Deferred tax	1,467	4,731
	7,364	8,343
Aggregate amounts	593,052	505,341

Trade debtors includes amounts owed by related parties in the Jacobs Solutions, Inc Group of £312,000 (2022: £774,000) and accrued income includes amounts owed by related parties in the Jacobs Solutions, Inc Group of £42,000 (2022: £219,000), see note 27.

PA Consulting Services Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2023**

16.	Cash at bank	2023 £'000	2022 £'000
	Cash at bank	<u>67,481</u>	<u>50,100</u>
17.	Creditors: amounts falling due within one year	2023 £'000	2022 £'000
	Trade creditors	4,433	2,638
	Amounts owed to group undertakings	43,001	47,629
	Corporation tax liability	11,236	15,501
	Social security and other taxes	31,306	31,063
	Other creditors	15,623	14,701
	Bonuses	70,563	87,721
	Deferred income	24,844	25,764
	Accrued expenses	21,266	17,637
		<u>222,272</u>	<u>242,654</u>

Trade creditors includes amounts owed to related parties in the Jacobs Solutions, Inc Group of £111,000 (2022: £2,000) and deferred income includes amounts owed to related parties in the Jacobs Solutions, Inc Group of £30,000 (2022: £60,000), see note 27.

18.	Creditors: amounts falling due after more than one year	2023 £'000	2022 £'000
	Bonuses	<u>1,109</u>	<u>1,672</u>

19. **Leasing agreements**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2023 £'000	2022 £'000
Within one year	6,350	5,643
Between one and five years	21,229	18,942
In more than five years	14,843	19,530
	<u>42,422</u>	<u>44,115</u>

The Company has lease agreements in respect of property and equipment for which payments extend over a number of years. The Company enters into these arrangements as these are a cost-efficient way of obtaining the short-term benefits of these assets. The Company lease rental charges are disclosed in note 7. There are no other material off-balance sheet arrangements.

PA Consulting Services Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2023**

20. Provisions for liabilities

	Other provisions £'000	Property provisions £'000	Total £'000
At 1 January 2023	-	(715)	(715)
Charged to the income statement	(510)	(104)	(614)
	<hr/>	<hr/>	<hr/>
At 31 December 2023	(510)	(819)	(1,329)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Property provisions relate to dilapidation obligations on leasehold properties and are accrued on a straight line basis over the term of the lease.

In the opinion of the directors, the provisions made represent sufficient and adequate provision to cover the likely result of any action or claim. They are also of the opinion that further detailed disclosure of the nature or extent of these actions or claims would be seriously prejudicial to the Company's defence of these actions and claims.

21. Called up share capital

Allotted, issued and fully paid:		Nominal	2023	2022
Number:	Class:	value:	£'000	£'000
200,000	Ordinary shares	£1	200	200
			<hr/>	<hr/>

PA Consulting Services Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2023**

22. Employee benefit obligations

The Company operates a defined contribution pension scheme and a defined benefit pension scheme, and their assets are held independently of the Company's finances in either separate insurance-based schemes or trustee administered funds.

Defined contribution pension scheme

The total pension costs for the Company relating to employer contributions to defined contribution pension arrangements was £47,000 (2022: £50,000).

There were no contributions payable to the scheme at the end of the year (2022: £nil).

Defined benefit pension scheme

The defined benefit pension scheme was closed to new members in October 2015, from which time membership transferred to an alternative defined benefit scheme for which the Company is not responsible for ongoing funding. On 1 September 2016, a group of members of the scheme transferred their benefits out of the scheme to the alternative scheme. There are no active members and 10 deferred pensioners remaining in the scheme.

The scheme surplus of £191,000 is not recognised as the surplus is not expected to be recoverable through reduced contributions or agreed refunds from the scheme.

Analysis of defined pension arrangement net assets and liabilities included in the statement of financial position

	2023 £'000	2022 £'000
Defined benefit pension arrangements with gross assets	191	227
Restriction to apply on recognition of surplus	(191)	(227)
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>

Analysis of amounts recognised in the income statement

	2023 £'000	2022 £'000
Running costs	(26)	(25)
Net interest on pension assets and liabilities	11	4
	<u> </u>	<u> </u>
	(15)	(21)
	<u> </u>	<u> </u>

Analysis of amounts recognised in the statement of other comprehensive income

	2023 £'000	2022 £'000
Actual return on assets less interest	(3)	(481)
Actuarial (loss)/gain on liability	(55)	475
Restriction to apply on recognition of surplus	36	(8)
	<u> </u>	<u> </u>
Actuarial loss recognised on defined benefit pension arrangement	(22)	(14)
	<u> </u>	<u> </u>
Total recognised in the statement of other comprehensive income	(22)	(14)
	<u> </u>	<u> </u>

The full disclosures required by FRS 102 are not provided because, in the directors' opinion, the arrangement is immaterial to the net assets of the Company.

PA Consulting Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2023

23. Parent and ultimate parent undertaking

The company's immediate parent is PA Holdings Limited, incorporated in England and Wales.

The ultimate parent is Jacobs Solutions, Inc, incorporated in the United States of America, who have a 65% shareholding in PA Consulting Group Limited the top Company in the PA Group.

The most senior parent entity producing publicly available financial statements is Jacobs Solutions, Inc. These financial statements are available upon request from 1999 Bryan Street, Suite 1200, Dallas, TX 75201, USA.

The ultimate controlling party is Jacobs Solutions, Inc.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Jacobs Solutions, Inc, incorporated in the United States of America.

The address of Jacobs Solutions, Inc is:
1999 Bryan Street, Suite 1200, Dallas, TX 75201, USA

The parent of the smallest group in which these financial statements are consolidated is PA Consulting Group Limited, incorporated in England and Wales.

The address of PA Consulting Group Limited is:
10 Bressenden Place, London, SW1E 5DN

24. Contingent liabilities

In common with comparable consultancy organisations, the Company maintains a variety of insurance policies including professional indemnity insurance. If a claim is raised, the directors assess each claim and provide for legal and settlement costs where, on the basis of the advice received, it is considered a liability may exist. Having sought advice, no additional provision has been made in the current year.

25. Capital commitments

	2023	2022
	£'000	£'000
Contracted but not provided for in the financial statements	662	8,118

26. Other financial commitments

The Company has guaranteed bid, performance and rent bonds issued by its banks on its behalf in the ordinary course of business totalling £34,000 (2022 : £36,000). These are not expected to result in any material financial loss.

27. Related party disclosures

The Company has taken advantage of the exemptions available under FRS 102 Section 33.1A from disclosing intra-Group transactions and balances with wholly owned subsidiaries of the PA Consulting Group.

Summary of transactions with the controlling shareholder

	2023	2022
	£'000	£'000
Sales	209	-
Amount due from related party	120	-
Amount due to related party	(30)	-

PA Consulting Services Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2023**

27. Related party disclosures - continued

The controlling shareholders are Jacobs Solutions, Inc. and Jacobs Engineering, Inc.

The sales to the the controlling shareholder were subject to standard client procurement policies. The directors therefore consider that all such transactions have been entered into on an arm's-length basis. The outstanding balances are unsecured and will be settled in cash.

Other related parties

	2023	2022
	£'000	£'000
Sales	1,688	2,593
Purchases	(685)	(417)
Amount due from related party	234	993
Amount due to related party	(111)	(62)

These transactions relate to sales to and purchases from subsidiaries of the controlling shareholder. The sales and purchases from the subsidiaries of the controlling shareholder were subject to standard client procurement policies. The directors therefore consider that all such transactions have been entered into on an arm's-length basis. The outstanding balances are unsecured and will be settled in cash.