

Registration number: 00414220

# PA Consulting Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

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## Company Information

<b>Directors</b>	C Barrett K Janjua D Vickerstaffe H Maule
<b>Company secretary</b>	J Greenfield
<b>Registered office</b>	10 Bressenden Place London SW1E 5DN
<b>Bankers</b>	HSBC Bank plc West End CBC 69 Pall Mall London SW1Y 5EY
<b>Auditors</b>	Ernst & Young LLP 400 Capability Green Luton LU1 3LU

## Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

### Principal activity

The principal activity of the Company is the 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.

### Review of the business

During 2022, we saw a continuation of the market demand trends from our clients which started in 2021. The largest growth in fee income came from the energy and utility market. Sustainability was still a priority, but we also focused on security of energy supply, including work in the UK to develop a repeatable, factory-built power station that relies on tried and tested nuclear technology and supporting the tender process for the world's first Energy Island in the North Sea. We saw a resurgence of demand from the transport market which was hard hit by the pandemic. The defence and security market also had robust growth, including being selected by the UK public sector as the lead systems integrator for CRENIC – a large scale, multi-year contract providing next-generation solutions to counter threats posed by radio-controlled Improvised Explosive Devices (IEDs), leading the overall collective of expert parties contributing as part of Team Protect. As pandemic-related work ended, these markets helped continue to grow our overall fee income.

Turnover increased by 15% to £732.0 million (2021: £636.0 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 overall remains robust. Looking forward, the Company has a significant stock of work secured, representing over three months of consulting work at our target utilisation rates, ending the year with more active opportunities than it started.

It has been a challenging year to maintain margins with cost impacting factors including business travel and entertainment returning to levels similar to those pre-pandemic; inflationary pressure on overhead and utility costs; and costs to improve our technology environment, like completing the move of the majority of our systems to the Cloud. Migrating our systems to the Cloud provides a more resilient infrastructure and efficient maintenance, but incurs higher service costs than our previous on-premises versions.

There has, however, been some non-trading upside in the year, helping to counter some of the cost increases: a boost to our UK research and development (R&D) tax credit for current and prior years, following a detailed review of the nature of the activities performed from our Global Innovation and Technology Centre situated near Cambridge.

From 2021 the company ceased trading activity in Spain and Dubai as a result of the wider PA Group simplification initiative.

The Company's profit for the year ended at £104.0 million (2021: £121.0 million).

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

## **Strategic Report for the Year Ended 31 December 2022**

### **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 2022.

## Strategic Report for the Year Ended 31 December 2022

### 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 PA Consulting Group has 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. These values are enshrined in our Code of Conduct and drive the way PA and its board 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 PA 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 Group and 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 directors of PA Consulting Services Limited receive 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 relevant decisions. The key stakeholders of the Company are its shareholder, clients and communities.

## Strategic Report for the Year Ended 31 December 2022

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 top of mind of our clients. Each year PA publishes an annual 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. The results of these surveys show that 98% of clients would recommend us based on our work. 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 2022, 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.

Approved by the Board on 28 September 2023 and signed on its behalf by:



.....  
K Janjua  
Director

## **Directors' Report for the Year Ended 31 December 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

### **Directors of the Company**

The directors who held office during the year ended 31 December 2022 and up to the date of signing the financial statements were as follows:

C Barrett

K Janjuah

D Vickerstaffe

H Maule (appointed 12 January 2022)

K Toombs (appointed 12 January 2022 and resigned 12 May 2023)

W Lambe (appointed 1 September 2022 and resigned 18 January 2023)

### **Dividends**

The directors did not recommend the payment of a dividend for year ended 31 December 2022 (2021: £nil).

### **Political and charitable donations**

No political donations were made during the year.

During the year the Company made charitable donations of £1,575,783 (2021: £60,400), which included direct corporate donations and donations by employees waiving an element of their deferred remuneration. This also included a donation of £1,500,000 to the PA Foundation an independent charity launched in 2021.



## **Directors' Report for the Year Ended 31 December 2022**

### **Environmental matters**

As described in the PA Consulting Group Limited Annual Report, PA are now committed to set science-based targets to ensure our firm's environmental practices contribute to limiting the increase in global temperature to below 1.5°C.

### **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 programme.

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 policy helps ensure that the contracts that we place are with a diverse range of suppliers.

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.

### **Future developments**

In 2023 the Company will continue to provide a range of consultancy services to government and industry.

### **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.

### **Branches outside the United Kingdom**

The Company has branches in Australia, the Republic of Ireland, Spain, Switzerland and Dubai.

## **Directors' Report for the Year Ended 31 December 2022**

### **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 2024, potential global or economic impacts on the numbers included in those forecasts and the availability of funding sources for the Group. The base forecasts used as part of the review has been updated with the latest forecast available as approved by the board in June and align with the Group's board-approved budget and long-term plan and show operating cashflow to be strong throughout. Consideration has been given to impacts on key cost items from the heightened UK inflation (as the group's predominant geography) and assessment of an achievable rate of utilisation in the current economic environment. Other than the impact on utility costs, there have been no other identified implications in relation to the continued Ukraine-Russia conflict.

The directors have also assessed the tolerance of the business cash flows to adverse impacts on the base assumptions which are most at risk from the current global economic environment. These are: inflation pressures driving employment and overhead costs at a higher than budgeted rate, client demand dropping from reduced discretionary spend or public spending cuts impacting ability to achieve target utilisation, and the Group's borrowing rate doubling from current year achieved rate. The downside case including a combination of all impacts demonstrated that the Group's business model is sufficiently robust and has excess funding headroom to absorb sustained external volatility. The Group's business model has meant that historically the Group is self-funding from its operating cash generation. Trading and cash conversion has mostly been unaffected by the economic uncertainty in the last two years which has shown that this business model is robust and flexible to adapt to external volatility.

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.

### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

## Directors' Report for the Year Ended 31 December 2022

### Reappointment of auditors

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

Approved by the Board on 28 September 2023 and signed on its behalf by:



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K Januah  
Director

## **Statement of Directors' Responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare the 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, specifically FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland', and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 Auditor's 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 2022, which comprise the 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 including 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 Company's affairs as at 31 December 2022 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 2024.

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.

## **Independent Auditor's Report to the members of PA Consulting Services Limited**

### **Other information**

The other information comprises the information included in the annual report on pages 2 to 9 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 there is 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 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.

### **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 Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 10), 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 is 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 Auditor's Report to the members of PA Consulting Services Limited**

### **Auditor's 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 auditor's 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.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those which relate to the reporting framework (FRS 102 and the Companies Act 2006). In addition, the Company has to comply with laws and regulations relating to domestic operations, including money laundering regulations, health and safety, employment law, data protection and anti-bribery and corruption.
- We understood how the Company complies 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 Group's internal audit reports for matters specific to PA Consulting Services Limited and papers provided to the Group's Audit Committee throughout the year, 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 and capped time and 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 manual 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, inspected the litigation registers for any ongoing legal cases which could result in noncompliance with laws and regulations.

## Independent Auditor's Report to the members of PA Consulting Services Limited

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

.....  
Daniel Foster (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Luton

Date:..28/9/23.....



## Income Statement for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	2	731,972	635,959
Cost of sales		<u>(546,264)</u>	<u>(458,916)</u>
Gross profit		185,708	177,043
Administrative expenses		(61,295)	(47,907)
Other operating income	3	7,335	1,361
Exceptional costs	4	<u>-</u>	<u>(1,859)</u>
Operating profit	5	131,748	128,638
Other interest receivable and similar income	6	3,692	-
Interest payable and similar charges	7	<u>(449)</u>	<u>(166)</u>
Profit before tax		134,991	128,472
Taxation	11	<u>(30,539)</u>	<u>(7,488)</u>
Profit for the financial year		<u><u>104,452</u></u>	<u><u>120,984</u></u>

The above results were derived from continuing operations.

## Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Profit for the year		<u>104,452</u>	<u>120,984</u>
Exchange differences on retranslation of net assets and results of overseas branches		(1,849)	372
Actuarial (loss)/gain recognised on defined benefit pension scheme	21	<u>(14)</u>	<u>47</u>
		<u>(1,863)</u>	<u>419</u>
Total comprehensive income for the year		<u><u>102,589</u></u>	<u><u>121,403</u></u>

The notes on pages 19 to 43 form an integral part of these financial statements.

## Statement of Financial Position as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
<b>Fixed assets</b>			
Intangible assets	12	388	699
Tangible assets	13	28,847	24,708
Investments	14	1	1
		29,236	25,408
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	496,998	380,175
Debtors: amounts falling due after more than one year	16	8,343	4,986
Cash at bank and in hand	17	50,100	57,300
		555,441	442,461
<b>Creditors: Amounts falling due within one year</b>	18	(242,654)	(224,964)
<b>Net current assets</b>		312,787	217,497
<b>Total assets less current liabilities</b>		342,023	242,905
<b>Creditors: Amounts falling due after more than one year</b>	19	(1,672)	(4,660)
<b>Provisions for liabilities</b>	20	(715)	(1,198)
<b>Net assets</b>		339,636	237,047
<b>Capital and reserves</b>			
Called up share capital	22	200	200
Profit and loss account		339,436	236,847
Total equity		339,636	237,047

The financial statements of the Company were authorised for issue by the Board of Directors on 28 September 2023 and signed on its behalf by:



.....  
K Janjuah  
Director

**PA Consulting Services Limited**  
**Registration number: 00414220**

The notes on pages 19 to 43 form an integral part of these financial statements.

## Statement of Changes in Equity for the Year Ended 31 December 2022

	Note	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022		200	236,847	237,047
Profit for the year		-	104,452	104,452
Exchange differences on retranslation of net assets and results of overseas branches		-	(1,849)	(1,849)
Actuarial loss recognised on defined benefit pension scheme	21	-	(14)	(14)
Total comprehensive income		-	102,589	102,589
At 31 December 2022		200	339,436	339,636

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	200	115,444	115,644
Profit for the year	-	120,984	120,984
Exchange differences on retranslation of net assets and results of overseas branches	-	372	372
Actuarial gain recognised on defined benefit pension scheme	-	47	47
Total comprehensive income	-	121,403	121,403
At 31 December 2021	200	236,847	237,047

The notes on pages 19 to 43 form an integral part of these financial statements.

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 1 Accounting policies

#### Statement of compliance

The Company is a private company limited by shares and is incorporated in England. The registered office is 10 Bressenden Place, London, SW1E 5DN.

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 2022.

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.

In preparing financial statements, management develops estimates and judgements that affect the reported amount of assets and liabilities, revenues and costs, and related disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates under different assumptions or conditions.

#### Basis of preparation

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

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

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

#### Summary of disclosure exemptions

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent company, PA Consulting Group Limited, which are publicly available.

The financial statements of PA Consulting Group Limited may be obtained from 10 Bressenden Place, London, SW1E 5DN.

## Notes to the Financial Statements for the Year Ended 31 December 2022

FRS 102 paragraphs 1.12 and 33.1A allow a qualifying entity certain disclosure exemptions. These disclosure exemptions are available subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders. The equivalent disclosures are included in the consolidated financial statements of PA Consulting Group Limited.

The Company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows as required by FRS 102 Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);

(ii) from disclosing share based payment arrangements using equity instruments of another group entity as required by FRS 102 paragraphs 26.18(a), 26.18(b), 26.19 to 26.21 and 26.23;

(iii) from disclosing transactions entered into between the Company and other wholly owned companies within the PA Consulting Group Limited group as required by FRS 102 paragraphs 33.8 to 33.14;

(iv) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

(v) from disclosing the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b) / (c) / (e) / (f), 11.42, 11.44 to 11.45, 11.47, 11.48 (a) (iii) / (iv), 11.48 (b) / (c) and paragraphs 12.26 to 12.27, 12.29 (a) / (b) and 12.29A, as the information is provided in the consolidated financial statement disclosures.

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 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 2024, potential global or economic impacts on the numbers included in those forecasts and the availability of funding sources for the Group. The base forecasts used as part of the review has been updated with the latest forecast available as approved by the board in June and align with the Group's board-approved budget and long-term plan and show operating cashflow to be strong throughout. Consideration has been given to impacts on key cost items from the heightened UK inflation (as the group's predominant geography) and assessment of an achievable rate of utilisation in the current economic environment. Other than the impact on utility costs, there have been no other identified implications in relation to the continued Ukraine-Russia conflict.

The directors have also assessed the tolerance of the business cash flows to adverse impacts on the base assumptions which are most at risk from the current global economic environment. These are: inflation pressures driving employment and overhead costs at a higher than budgeted rate, client demand dropping from reduced discretionary spend or public spending cuts impacting ability to achieve target utilisation, and the Group's borrowing rate doubling from current year achieved rate. The downside case including a combination of all impacts demonstrated that the Group's business model is sufficiently robust and has excess funding headroom to absorb sustained external volatility. The Group's business model has meant that historically the Group is self-funding from its operating cash generation. Trading and cash conversion has mostly been unaffected by the economic uncertainty in the last two years which has shown that this business model is robust and flexible to adapt to external volatility.

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.

## Notes to the Financial Statements for the Year Ended 31 December 2022

### Turnover

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

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 are incurred.

Turnover from long-term contracts is recognised over the contract term using the percentage of completion method. The stage of completion of a long-term 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 are reviewed regularly and where necessary, revised.

Turnover in respect of contingent fee assignments (over and above any agreed minimum fee) is only recognised when the contingent event occurs and collectability of the fee is assured.

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.

The gross amount invoiced to clients but not yet received is separately disclosed within debtors as trade debtors. Unbilled turnover on individual client assignments is included as accrued income within debtors. Where billings exceed turnover on client assignments, the excess is classified as payments on account within creditors.

### 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.

### Interest income and expense

Interest income and expense is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

### 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.



## Notes to the Financial Statements for the Year Ended 31 December 2022

### Foreign currency transactions and balances

#### (a) Functional and presentation currency

The functional currency of the Company and its overseas branches is the currency of the primary economic environment in which each 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 of each entity using the exchange rates prevailing at the dates of transactions. 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 income statement 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 as at the dates 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.

### Tax

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 profits 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 is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at that date which will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

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.

## Notes to the Financial Statements for the Year Ended 31 December 2022

### Tangible assets

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.

### Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. Depreciation is charged on assets from the date in which they are brought into use. The principal annual rates used for this purpose are:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Computer equipment	on cost 20%-50%
Office furniture, equipment and machinery	on cost 10%-33%
Freehold property	on cost 2%-10%
Leasehold property	Equal instalments over the remaining period of lease unless the economic life of the asset is determined to be less than that of the lease
Properties under construction	no depreciation until asset is complete

### 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.

### Fixed asset investments

Investment in subsidiaries is stated at cost less provision for impairment in value.

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 determine the recoverable amount.

### 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.

Employee-related liabilities payable 12 months after the statement of financial position date are discounted at a rate of interest equivalent to high-quality corporate bonds of similar length.

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 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. 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 Group's defence of these actions and claims.

### 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.

### 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.

### Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

### Employee benefits

#### Defined contribution pension obligation

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

## Notes to the Financial Statements for the Year Ended 31 December 2022

### **Defined benefit pension obligation**

The cost of providing benefits under the defined benefit plan is determined 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.

### **Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts redundancy in exchange for these benefits. The Company recognises termination benefits as an expense when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal.

### **Deferred employee remuneration**

An element of all employee remuneration is contingent upon Group and personal performance.

The Company recognises a liability and an expense for deferred employee remuneration based on a formula that takes into consideration the Group's profit before tax after certain adjustments. The Company recognises deferred employee remuneration liabilities and expenses 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 employees for between one to three years after they have been awarded.

### **Short-term compensated absences**

The Company recognises the expected cost of accumulating compensated absences, primarily annual leave, when the employees render service that increases their entitlement to future compensated absences.

## Notes to the Financial Statements for the Year Ended 31 December 2022

### **Critical accounting judgements and 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 long-term contracts*

Turnover from long-term contracts is recognised by 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 a cumulative adjustment to turnover 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.

#### *Pension liabilities*

The present value of pension liabilities are determined on an actuarial basis and depend on a number of actuarial assumptions which are disclosed in note 21. Any change in these assumptions will impact on the carrying amount of pension liabilities. Note 21 describes the key assumptions used in the accounting for retirement benefit obligations.

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 2 Turnover

All turnover is derived from the rendering of services.

The analysis of the Company's turnover for the year by market is as follows:

	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
UK	705,379	610,035
Europe (excluding UK & Scandinavia)	5,601	6,742
Scandinavia	2,286	3,260
Americas	18,172	13,357
Asia Pacific	534	2,565
	<u>731,972</u>	<u>635,959</u>

### 3 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
Government grants - R&D tax credit	7,269	1,231
Rental income from property subleases	66	130
	<u>7,335</u>	<u>1,361</u>

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 4 Exceptional costs

	Note	2022 £ 000	2021 £ 000
Senior staff exceptional costs	4.1	-	(1,085)
Business closure costs	4.2	-	(774)
		<u>-</u>	<u>(1,859)</u>

During the year, the Company incurred certain costs that the directors believe are of an exceptional nature and quantum and should be separately disclosed to facilitate understanding of the underlying performance of the Company.

#### 4.1

These costs relate to exceptional fees incurred in the recruitment of senior staff and exceptional costs relating to senior leadership.

#### 4.2

These income/(costs) relate to the winding down of operations of the overseas branches as a result of the wider PA Group simplification initiative in the period.

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 5 Operating profit

Arrived at after (charging)/crediting

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation expense	(4,842)	(4,132)
Amortisation expense	(509)	(1,016)
Research and development cost	(47,900)	(9,150)
Foreign exchange gains	284	25
Operating lease expense - property	(4,976)	(4,956)
Operating lease expense - plant and machinery	(54)	(38)
Loss on disposal of property, plant and equipment	<u>(96)</u>	<u>(41)</u>

### 6 Interest receivable

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest receivable on amounts owed by group undertakings	3,677	-
Other interest receivable	11	-
Net interest on pension	<u>4</u>	<u>-</u>
	<u>3,692</u>	<u>-</u>

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

### 7 Interest payable

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest expense on other finance liabilities	16	16
Interest payable on amounts owed to group undertakings	<u>433</u>	<u>150</u>
	<u>449</u>	<u>166</u>



## Notes to the Financial Statements for the Year Ended 31 December 2022

### 8 Staff costs

The aggregate payroll costs were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	521	712
Social security costs	13	29
Pension costs, defined contribution scheme	51	64
Other employee expense	20	883
	<u>605</u>	<u>1,688</u>
	<u>605</u>	<u>1,688</u>

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Consultants	1	3
Administration and support	1	1
	<u>2</u>	<u>4</u>
	<u>2</u>	<u>4</u>

### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Aggregate emoluments in respect of qualifying services	3,144	3,225
Company contributions to money purchase pension schemes	29	40
	<u>3,173</u>	<u>3,265</u>
	<u>3,173</u>	<u>3,265</u>

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Accruing benefits under money purchase pension scheme	3	3
	<u>3</u>	<u>3</u>
	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Total amount of emoluments and amounts receivable under long-term incentive scheme	1,088	1,361
	<u>1,088</u>	<u>1,361</u>
	<u>1,088</u>	<u>1,361</u>

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.

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 10 Auditor's remuneration

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Audit of the financial statements	177	177

### 11 Taxation

(a) Tax on profit on ordinary activities

Tax charged/(credited) in the income statement

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	26,159	11,395
UK corporation tax adjustment to prior periods	5,355	(6,172)
	31,514	5,223
Foreign tax	-	20
Total current income tax	31,514	5,243
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(831)	3,106
Deferred tax adjustment relating to previous years	(144)	(861)
Total deferred taxation	(975)	2,245
Tax expense in the income statement	30,539	7,488

## Notes to the Financial Statements for the Year Ended 31 December 2022

### (b) Factors affecting current tax charge

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - higher than) of 19% (2021 - 19%).

The differences are reconciled below:

	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
Profit before tax	<u>134,991</u>	<u>128,472</u>
Corporation tax at standard rate	25,648	24,410
Expenses not deductible for tax purposes	410	282
Effect of tax losses	(731)	(10,313)
Effect of change of tax rate on opening deferred tax asset	-	141
Tax underprovided/(overprovided) in previous years	<u>5,212</u>	<u>(7,032)</u>
Total tax charge	<u><u>30,539</u></u>	<u><u>7,488</u></u>

### (c) Deferred tax

Deferred tax assets and liabilities

	<b>Asset</b> <b>£ 000</b>	<b>Liability</b> <b>£ 000</b>
<b>2022</b>		
Other Timing Differences	4,877	-
Accelerated capital allowances	-	(481)
	<u>4,877</u>	<u>(481)</u>
<b>2021</b>		
Other Timing Differences	4,528	-
Accelerated capital allowances	-	(1,108)
	<u>4,528</u>	<u>(1,108)</u>

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.

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 £4,740,000 (2021 : £3,550,000).

### (d) Factors that may affect future tax charges

## Notes to the Financial Statements for the Year Ended 31 December 2022

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 remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

### 12 Intangible assets

	<b>Software £ 000</b>	<b>Total £ 000</b>
<b>Cost or valuation</b>		
At 1 January 2022	10,505	10,505
Additions	197	197
At 31 December 2022	<u>10,702</u>	<u>10,702</u>
<b>Amortisation</b>		
At 1 January 2022	9,806	9,806
Amortisation charge	508	508
At 31 December 2022	<u>10,314</u>	<u>10,314</u>
<b>Carrying amount</b>		
At 31 December 2022	<u>388</u>	<u>388</u>
At 31 December 2021	<u>699</u>	<u>699</u>

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 13 Tangible assets

	Land and buildings £ 000	Short leasehold and property £ 000	Computer equipment £ 000	Office furniture, equipment and machinery £ 000	Properties under construction £ 000	Total £ 000
<b>Cost or valuation</b>						
At 1 January 2022	20,265	8,107	7,240	6,059	-	41,671
Additions	201	191	4,758	1,271	2,688	9,109
Disposals	(48)	(24)	(1,700)	(183)	-	(1,955)
At 31 December 2022	<u>20,418</u>	<u>8,274</u>	<u>10,298</u>	<u>7,147</u>	<u>2,688</u>	<u>48,825</u>
<b>Depreciation</b>						
At 1 January 2022	5,929	2,531	4,966	3,537	-	16,963
Charge for the year	1,052	635	2,413	742	-	4,842
Eliminated on disposal	(29)	(12)	(1,617)	(169)	-	(1,827)
At 31 December 2022	<u>6,952</u>	<u>3,154</u>	<u>5,762</u>	<u>4,110</u>	<u>-</u>	<u>19,978</u>
<b>Carrying amount</b>						
At 31 December 2022	<u>13,466</u>	<u>5,120</u>	<u>4,536</u>	<u>3,037</u>	<u>2,688</u>	<u>28,847</u>
At 31 December 2021	<u>14,336</u>	<u>5,576</u>	<u>2,274</u>	<u>2,522</u>	<u>-</u>	<u>24,708</u>

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 14 Investments in subsidiaries, joint ventures and associates

	2022 £ 000	2021 £ 000
Investments in subsidiaries	<u>1</u>	<u>1</u>

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: amounts falling due within one year

	2022 £ 000	2021 £ 000
Trade debtors	70,061	69,871
Amounts owed by PA Group undertakings	378,259	265,253
Other debtors	9,104	2,843
Prepayments	8,547	6,974
Accrued income	29,879	23,986
Income tax asset	1,148	11,248
	<u>496,998</u>	<u>380,175</u>

Trade debtors includes amounts owed by related parties in the Jacobs Group of £774k (2021: £1,322k) and accrued income includes amounts owed by related parties in the Jacobs Group of £219k (2021: £nil), see note 26.

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 16 Debtors: amounts falling due after one year

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Deferred tax	4,731	3,755
Other debtors	3,612	1,231
	8,343	4,986

### 17 Cash

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Cash at bank	50,100	57,300
	50,100	57,300

### 18 Creditors: amounts falling due within one year

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade creditors	2,638	1,781
Amounts owed to PA Group undertakings	47,629	43,709
Social security and other taxes	31,063	29,564
Other payables	14,701	15,903
Accrued expenses	17,637	14,488
Corporation tax liability	15,501	-
Deferred income	25,764	22,977
Bonuses	87,721	96,542
	242,654	224,964

Trade creditors includes amounts owed to related parties in the Jacobs Group of £2k (2021: £6k) and deferred income includes amounts owed to related parties in the Jacobs Group of £60k (2021: £153K), see note 26.

### 19 Creditors: amounts falling due after one year

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Bonuses	1,672	4,660

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 20 Other provisions

	Other provisions £ 000	Property provisions £ 000	Total £ 000
At 1 January 2022	(600)	(598)	(1,198)
Charged to the income statement	-	(117)	(117)
Utilised in the period	600	-	600
At 31 December 2022	-	(715)	(715)

Property provisions relate to dilapidations obligations on leasehold properties 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 Group's defence of these actions and claims.

### 21 Retirement benefits

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 £50,000 (2021: £64,000).

There were no contributions payable to the scheme at the end of the year (2021: £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 8 deferred pensioners remaining in the scheme.

The scheme surplus of £227,000 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*

	2022 £ 000	2021 £ 000
Defined benefit pension arrangements with gross assets	227	218
Restriction to apply on recognition of surplus	(227)	(218)
	-	-



## Notes to the Financial Statements for the Year Ended 31 December 2022

### *Analysis of amounts recognised in the income statement*

	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
Running costs	(25)	(47)
Net interest on pension assets and liabilities	4	-
	<u>(21)</u>	<u>(47)</u>

### *Analysis of amounts recognised in the statement of other comprehensive income*

	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
Actual return on assets less interest	(481)	(30)
Actuarial gain on liability	475	64
Restriction to apply on recognition of surplus	(8)	13
Actuarial (loss)/gain recognised on defined benefit pension arrangement	<u>(14)</u>	<u>47</u>
Total recognised in the statement of other comprehensive income	<u>(14)</u>	<u>47</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.

## 22 Share capital

### Allotted, called up and fully paid shares

	<b>2022</b>		<b>2021</b>	
	<b>No. 000</b>	<b>£ 000</b>	<b>No. 000</b>	<b>£ 000</b>
Ordinary shares of £1 each	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

## 23 Operating leases

### Leases as lessee

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 5. There are no other material off-balance sheet arrangements.

The Company's commitment for future minimum lease payments under non-cancellable operating leases is as follows:

	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
Within one year	5,643	5,398
Between one and five years	18,942	18,850
Over five years	<u>19,530</u>	<u>24,217</u>
	<u>44,115</u>	<u>48,465</u>

## Notes to the Financial Statements for the Year Ended 31 December 2022

### Leases as lessor

The Company leased out certain properties under operating leases, these leases expired during the year.

The Company's lease income is disclosed in note 3.

The minimum rent receivable under non-cancellable operating leases is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Within one year	-	33

## 24 Commitments

### Capital commitments

The total amount contracted for but not provided in the financial statements was £8,118,019 (2021 : £1,715,153).

Capital commitments include property development work being undertaken at the Global Innovation and Technology Centre situated near Cambridge totalling £6,664,444.

### 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 £36,206 (2021 : £1,041,193). These are not expected to result in any material financial loss.

## 25 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.

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 26 Related party transactions

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 - Jacobs Solutions, Inc**

There have been no transactions with the controlling shareholder, Jacobs Solutions, Inc

#### **Summary of transactions with subsidiaries of Jacobs Solutions, Inc**

From 2 March 2021 the Company entered into transactions, in the ordinary course of business, with subsidiaries of the controlling shareholder which up to 29 August 2022 was Jacobs Engineering Group Inc and subsequent to 29 August 2022 was Jacobs Solutions Inc. The sales to 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.

#### **Summary of transactions with entities affiliated with Carlyle Europe Partners IV, LP.**

Until 2 March 2021 the Company entered into transactions, in the ordinary course of business, with entities affiliated with the controlling shareholder of the PA Consulting Group, which was Carlyle Europe Partners IV, LP. The sales to those related parties were subject to standard client procurement policies. The directors therefore consider that all such transactions have been entered into on an arms-length basis. All transactions were settled in cash.

## Notes to the Financial Statements for the Year Ended 31 December 2022

### Income and receivables from related parties

			Subsidiaries of Jacobs Solutions Inc £ 000
<b>2022</b>			
Provision of services			2,593
Amounts receivable from related party			<u>993</u>
	<b>Jacobs Engineering Group Inc £ 000</b>	<b>Subsidiaries of Jacobs Engineering Group Inc £ 000</b>	<b>Entities affiliated with Carlyle Europe Partners IV, LP. £ 000</b>
<b>2021</b>			
Provision of services	872	558	132
Amounts receivable from related party	<u>1,027</u>	<u>295</u>	<u>-</u>

### Expenditure with and payables to related parties

			Subsidiaries of Jacobs Solutions Inc £ 000
<b>2022</b>			
Purchase of services			(417)
Amounts payable to related party			<u>(62)</u>
	<b>Jacobs Engineering Group Inc £ 000</b>	<b>Subsidiaries of Jacobs Engineering Group Inc £ 000</b>	<b>Entities affiliated with Carlyle Europe Partners IV, LP. £ 000</b>
<b>2021</b>			
Purchase of services	(144)	(270)	(3)
Amounts payable to related party	<u>(6)</u>	<u>(153)</u>	<u>-</u>

## **Notes to the Financial Statements for the Year Ended 31 December 2022**

### **27 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.

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