

Registration number: 05196589

PA Knowledge Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2021

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Company Information

Directors	C Barrett K Janjua D Vickerstaffe
Company secretary	J Greenfield
Registered office	10 Bressenden Place London SW1E 5DN
Bankers	HSBC Bank plc West End CBC 69 Pall Mall London SW1Y 5EY

Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Principal activity

The principal activity of the Company is that of an intellectual property management company.

Review of the business

The Company turnover of £14.0 million (2020: £9.5 million) is derived from trademark licences issued to other companies in the PA Consulting Group, resulting in a profit before tax of £14.0 million (2020: £9.5 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.

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 2021.

Approved by the Board on 15 August 2022 and signed on its behalf by:



.....
K Janjuah
Director

Section 172(1) Statement for the Year Ended 31 December 2021

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 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 Knowledge 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 Knowledge 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. No disclosure is provided regarding engagement with employees as the Company had no employees in the year. Disclosure of the PA Group's engagement with employees can be found in the PA Consulting Group Limited report and accounts for 2021.

Directors' Report for the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors of the Company

The directors who held office during the year ended 31 December 2021 and up to the date of signing the financial statements were as follows:

C Barrett

R Cameron (resigned 29 November 2021)

K Janjuah

D Vickerstaffe

The following director was appointed after the year end:

H Maule (appointed 12 January 2022)

Dividends

The directors do not recommend the payment of a dividend (2020: £nil).

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 Company has the full support of its intermediate parent PA Consulting Group Limited, a company with a strong financial position at 31 December 2021.

As described in the Group Annual Report the Directors have taken into account short and mid-term trading and cash forecasts, 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 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 any potential downside from the current Ukraine-Russia conflict and the increasing inflationary environment in the UK (the Group's predominant geography).

The Company and Group do not operate in either Ukraine or Russian territories and therefore the conflict is not expected to create a significant disruption to the current business model. A forecast scenario representing a reasonable increase to costs and prices has been prepared and reviewed to understand the potential impact on the business from continued inflation which demonstrated that a sufficient amount of operational cash headroom is available to the Group to tolerate such increases. 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, and from the outcome of the downside scenario, the directors are satisfied that the Group'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.

Future developments

In 2022 the Company will continue to protect the existing intellectual property and will develop new intellectual property. The future operations of the Company are expected to remain consistent with the current year.

Directors' Report for the Year Ended 31 December 2021

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.

Approved by the Board on 15 August 2022 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.

Income Statement for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	2	13,960,209	9,503,469
Administrative expenses		<u>(9,955)</u>	<u>(13,000)</u>
Operating profit		13,950,254	9,490,469
Other interest receivable and similar income	3	<u>-</u>	<u>1,435</u>
Profit before tax		13,950,254	9,491,904
Taxation	5	<u>1,758,973</u>	<u>(1,765,363)</u>
Profit for the financial year		<u><u>15,709,227</u></u>	<u><u>7,726,541</u></u>

The above results were derived from continuing operations.

The Company has no recognised gains or losses for the year other than the results above.

The notes on pages 11 to 18 form an integral part of these financial statements.

Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021 £	2020 £
Profit for the year	<u>15,709,227</u>	<u>7,726,541</u>
Total comprehensive income for the year	<u><u>15,709,227</u></u>	<u><u>7,726,541</u></u>

The notes on pages 11 to 18 form an integral part of these financial statements.

Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Current assets			
Debtors: amounts falling due within one year	6	31,340,261	19,422,299
Cash at bank and in hand	7	<u>1,895</u>	<u>9,477</u>
		31,342,156	19,431,776
Creditors: amounts falling due within one year	8	<u>(8,780)</u>	<u>(3,807,627)</u>
Net assets		<u>31,333,376</u>	<u>15,624,149</u>
Capital and reserves			
Called up share capital	9	35,001	35,001
Profit and loss account		<u>31,298,375</u>	<u>15,589,148</u>
Total equity		<u>31,333,376</u>	<u>15,624,149</u>

For the financial year ending 31 December 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of the Company were authorised for issue by the Board of Directors on 15 August 2022 and signed on its behalf by:



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K Januah
Director

PA Knowledge Limited
Registration number: 05196589

The notes on pages 11 to 18 form an integral part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Profit and loss account £	Total £
At 1 January 2021	35,001	15,589,148	15,624,149
Profit for the year	-	15,709,227	15,709,227
Total comprehensive income	-	15,709,227	15,709,227
At 31 December 2021	<u>35,001</u>	<u>31,298,375</u>	<u>31,333,376</u>

	Share capital £	Profit and loss account £	Total £
At 1 January 2020	35,001	7,862,607	7,897,608
Profit for the year	-	7,726,541	7,726,541
Total comprehensive income	-	7,726,541	7,726,541
At 31 December 2020	<u>35,001</u>	<u>15,589,148</u>	<u>15,624,149</u>

The notes on pages 11 to 18 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2021

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 2021.

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.

The financial statements are presented in pounds sterling.

Notes to the Financial Statements for the Year Ended 31 December 2021

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 Company has the full support of its intermediate parent PA Consulting Group Limited, a company with a strong financial position at 31 December 2021.

As described in the Group Annual Report the Directors have taken into account short and mid-term trading and cash forecasts, 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 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 any potential downside from the current Ukraine-Russia conflict and the increasing inflationary environment in the UK (the Group's predominant geography).

The Company and Group do not operate in either Ukraine or Russian territories and therefore the conflict is not expected to create a significant disruption to the current business model. A forecast scenario representing a reasonable increase to costs and prices has been prepared and reviewed to understand the potential impact on the business from continued inflation which demonstrated that a sufficient amount of operational cash headroom is available to the Group to tolerate such increases. 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, and from the outcome of the downside scenario, the directors are satisfied that the Group'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 2021

Summary of disclosure exemptions

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

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.

Turnover recognition

Turnover is derived from trademark licences issued to other companies in the PA Consulting Group Limited group of companies. Turnover represents the fair value of the consideration received or receivable under the trademark licences.

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.

Tax

The tax charge/(credit) comprises current tax payable/(receivable).

The current tax charge/(credit) represents an estimate of the amounts payable/(receivable) 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.

Cash

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

Notes to the Financial Statements for the Year Ended 31 December 2021

Financial instruments

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

Other payables are not interest bearing and are stated at amortised cost.

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.

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

Share capital

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, with the nominal value of the instrument credited to share capital and the excess to the share premium account.

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 5 for further details.

Notes to the Financial Statements for the Year Ended 31 December 2021

2 Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2021	2020
	£	£
Provision of trademark licences	<u>13,960,209</u>	<u>9,503,469</u>

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

	2021	2020
	£	£
UK	11,151,120	8,747,879
Europe (excluding UK & Scandinavia)	275,727	-
Scandinavia	841,973	755,590
Americas	<u>1,691,389</u>	<u>-</u>
	<u>13,960,209</u>	<u>9,503,469</u>

3 Interest receivable

	2021	2020
	£	£
Interest receivable on amounts owed by group undertakings	<u>-</u>	<u>1,435</u>

4 Directors' remuneration

No emoluments were paid by the Company to the directors during the year (2020: £nil).

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. There is no allocation of their compensation between group entities as the services provided and remuneration are expected to be negligible. The directors of the company are directors of PA Consulting Services Limited, a fellow group company, and are included in the disclosure of directors remuneration in the accounts of that company.

Notes to the Financial Statements for the Year Ended 31 December 2021

5 Taxation

(a) Tax on profit on ordinary activities

Tax (credited)/charged in the income statement

	2021	2020
	£	£
Current taxation		
UK corporation tax	-	1,803,462
UK corporation tax adjustment to prior periods	<u>(1,758,973)</u>	<u>(38,099)</u>
	<u><u>(1,758,973)</u></u>	<u><u>1,765,363</u></u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2020 lower than the standard rate of corporation tax in the UK - 19%).

The differences are reconciled below:

	2021	2020
	£	£
Profit before tax	<u>13,950,254</u>	<u>9,491,904</u>
Corporation tax at standard rate	2,650,548	1,803,462
Expenses not deductible for tax purposes	631	-
Group relief claimed for nil consideration	(2,651,179)	-
Adjustments in respect of previous periods	<u>(1,758,973)</u>	<u>(38,099)</u>
Total tax (credit)/charge	<u><u>(1,758,973)</u></u>	<u><u>1,765,363</u></u>

(b) Factors that may affect future tax charges

The Finance Act 2016 included legislation to reduce the main rate of UK corporation tax from 20 per cent to 19 per cent from 1 April 2017 and to 17 per cent from 1 April 2020. The rate reduction to 17 per cent was subsequently reversed by the Finance Act 2020, such that the main rate of UK corporation tax from 1 April 2021 remains at 19 per cent.

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 and this was substantively enacted by the statement of financial position date.

Notes to the Financial Statements for the Year Ended 31 December 2021

6 Debtors: amounts falling due within one year

	2021	2020
	£	£
Amounts owed by group undertakings	31,338,904	19,422,105
Other debtors	1,357	194
	<u>31,340,261</u>	<u>19,422,299</u>

7 Cash and cash equivalents

	2021	2020
	£	£
Cash at bank	1,895	9,477
	<u>1,895</u>	<u>9,477</u>

8 Creditors: amounts falling due within one year

	2021	2020
	£	£
Amounts owed to group undertakings	5,481	2,035,775
Accrued expenses	3,299	12,879
Corporation tax liability	-	1,758,973
	<u>8,780</u>	<u>3,807,627</u>

9 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>35,001</u>	<u>35,001</u>	<u>35,001</u>	<u>35,001</u>

Notes to the Financial Statements for the Year Ended 31 December 2021

10 Parent and ultimate parent undertaking

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

The ultimate parent is Jacobs Engineering Group, Inc, incorporated in the United States of America.

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

The ultimate controlling party is Jacobs Engineering Group, Inc.

Relationship between entity and parents

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

The address of Jacobs Engineering Group, 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