Registration number: 00414220

PA Consulting Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

Contents

Company Information

Directors	C Barrett
	K Janjuah
	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
Auditors	Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR

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 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 the Company and employees of PA Holdings Limited, a fellow group company.

Review of the business
2021 presented a second challenging year for many organisations, as they grappled with the effects of the COVID-19 pandemic. We applied our market-leading capabilities to build new revenue platforms, improve experience for our clients' customers, and transform organisations to be more resilient and agile.

We created a ground-breaking virtual reality, 'Museum of the Future' for the UK's Defence Science and Technology Laboratory (Dstl) to explore the potential impact of military and policy decisions, technologies, and future operating environments. And we unveiled a new EV chargepoint design concept at COP26 to help accelerate the transition to electric vehicles in our global fight against climate change.

We codified our work with clients into market-leading thought leadership; from how to use organisational agility for a competitive edge, how financial services can provide customers with more sustainable choices, and how we can think differently about water to help decarbonise the planet.

Turnover increased by 23% to £636.0 million (2020: £516.4 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. This clarity of purpose and a continued clear focus on targeted industries, capabilities and geographies has enabled us to deliver strong sales through 2021, driving our utilisation up and enabling us to finish the year with a solid stock of work for the start of 2022.

The Company has ceased all trading activity in Spain and has decreased its headcount in Switzerland and Dubai as a result of the wider PA Group simplification initiative in the period.

The Company's profit for the year is £121.0 million (2020: £68.0 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.

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.

Strategic Report for the Year Ended 31 December 2021

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 2021

Our clients
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.

Our communities
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 2021, we continued to give back to our communities. We provided our time and expertise to initiatives like our Raspberry Pi competition - now in its tenth year - our Springboard programme and our Women in Tech courses.

Approved by the Board on 1 September 2022 and signed on its behalf by:

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K Janjuah
Director

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 24 December 2021)

K Janjuah

A Middleton (resigned 31 December 2021)

D Vickerstaffe

The following directors were appointed after the year end:

H Maule (appointed 12 January 2022)

K Toombs (appointed 12 January 2022)

Dividends
The directors did not recommend the payment of a dividend for year ended 31 December 2021 (2020: £82 million).

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 2022 the Company will continue to provide a range of consultancy services to government and industry.

Directors' Report for the Year Ended 31 December 2021

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.

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.

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 September 2023, 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, 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.

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

Directors' Report for the Year Ended 31 December 2021

Approved by the Board on 1 September 2022 and signed on its behalf by:

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K Janjuah
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 2021, which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes 1 to 28, 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 2021 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 of at least 12 months from when the financial statements are authorised for issue.

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 8 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 8), 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.

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.

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:

- Obtaining an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006), direct and indirect tax compliance regulations in the jurisdictions in which the company operates. In addition, the company has to comply with laws and regulations relating to domestic and overseas operations, including money laundering regulations, health and safety, employment law, data protection and anti-bribery and corruption.
- Understanding how the company complies with those frameworks by making enquiries of management, internal audit and internal and external 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 internal audit reports and papers provided to the 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.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved discussions with management and internal legal counsel to assess and understand the implications on our audit procedures, testing of journals identified by specific risk criteria and tracing legal expenses paid back to supporting documentation which describes the matter being invoiced to ensure any other instances of non-compliance with laws and regulations are identified which were not identified through our enquiries with the management. We also circulated legal confirmations to the external legal counsel.
- Assessing 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 also noted that the employee bonus plan was based on a pre-exceptional cost measure such that this created a risk of fraud around the treatment and classification of exceptional costs.
- Considering 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 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 tested specific transactions back to source documentation and ensured appropriate authorisation of the transactions. We also assessed items identified by management as exceptional costs as to whether they are accounted for in line with the company's accounting policies.

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.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

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Christabel Cowling (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds

Date: 01/09/2022

Income Statement for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Turnover	2	635,959	516,355
Cost of sales		(458,916)	(389,742)
Gross profit		177,043	126,613
Administrative expenses		(47,907)	(41,721)
Other operating income	3	1,361	1,352
Exceptional costs	4	(1,859)	(3,879)
Operating profit	5	128,638	82,365
Other interest receivable and similar income	6	-	3,034
Interest payable and similar charges	7	(166)	(294)
Profit before tax		128,472	85,105
Taxation	11	(7,488)	(17,214)
Profit for the financial year		120,984	67,891

The above results were derived from continuing operations.

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Profit for the year		120,984	67,891
Exchange differences on retranslation of net assets and results of overseas branches		372	(236)
Actuarial gain recognised on defined benefit pension scheme	21	47	4
		419	(232)
Total comprehensive income for the year		121,403	67,659

The notes on pages 18 to 42 form an integral part of these financial statements.

Statement of Financial Position as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Intangible assets	12	699	1,304
Tangible assets	13	24,708	25,198
Investments	14	1	1
		25,408	26,503
Current assets			
Debtors: amounts falling due within one year	15	380,175	298,597
Debtors: amounts falling due after more than one year	16	4,986	7,160
Cash at bank and in hand	17	57,300	1,115
		442,461	306,872
Creditors: Amounts falling due within one year	18	(224,964)	(212,694)
Net current assets		217,497	94,178
Total assets less current liabilities		242,905	120,681
Creditors: Amounts falling due after more than one year	19	(4,660)	(2,567)
Provisions for liabilities	20	(1,198)	(2,470)
Net assets		237,047	115,644
Capital and reserves			
Called up share capital	22	200	200
Profit and loss account		236,847	115,444
Total equity		237,047	115,644

The financial statements of the Company were authorised for issue by the Board of Directors on 1 September 2022 and signed on its behalf by:

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K Janjuah
Director

PA Consulting Services Limited
Registration number: 00414220

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

	Note	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	21	-	47	47
Total comprehensive income		-	121,403	121,403
At 31 December 2021		200	236,847	237,047

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	200	132,785	132,985
Profit for the year	-	67,891	67,891
Exchange differences on retranslation of net assets and results of overseas branches	-	(236)	(236)
Actuarial gain recognised on defined benefit pension scheme	-	4	4
Total comprehensive income	-	67,659	67,659
Dividends	-	(85,000)	(85,000)
At 31 December 2020	200	115,444	115,644

The notes on pages 18 to 42 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, 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.

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.

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.

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 September 2023, 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, 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.

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.

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.

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:

Asset class	Depreciation method and rate
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

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.

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.

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.

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.

2 Revenue

All revenue is derived from the rendering of services.

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

	2021 £ 000	2020 £ 000
UK	610,035	494,961
Europe (excluding UK & Scandinavia)	6,742	5,576
Scandinavia	3,260	2,481
Americas	13,357	9,553
Asia Pacific	2,565	3,776
Rest of the world	-	8
	635,959	516,355

3 Other operating income

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

	2021 £ 000	2020 £ 000
Government grants - R&D tax credit	1,231	1,095
Rental income from property subleases	130	257
	1,361	1,352

4 Exceptional costs

	Note	2021 £ 000	2020 £ 000
Senior staff exceptional costs	4.1	(1,085)	(1,413)
Business closure costs	4.2	(774)	(1,701)
Finance systems upgrade	4.3	-	(434)
Other exceptional costs	4.4	-	(331)
		(1,859)	(3,879)

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 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.

4.3

These costs relate to the upgrade of the financial systems which concluded in 2020.

4.4

These are related to other employment related costs.

5 Operating profit

Arrived at after (charging)/crediting

	2021 £ 000	2020 £ 000
Depreciation expense	(4,132)	(4,135)
Amortisation expense	(1,016)	(1,518)
Research and development cost	(9,150)	(9,151)
Foreign exchange gains/(losses)	25	(435)
Operating lease expense - property	(4,956)	(4,942)
Operating lease expense - plant and machinery	(38)	(61)
Loss on disposal of property, plant and equipment	(41)	(76)

6 Interest receivable

	2021 £ 000	2020 £ 000
Interest receivable on amounts owed by group undertakings	-	34
Dividend income	-	3,000
	-	3,034

7 Interest payable

	2021 £ 000	2020 £ 000
Interest expense on other finance liabilities	16	111
Interest payable on amounts owed to group undertakings	150	183
	166	294

8 Staff costs

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

	2021 £ 000	2020 £ 000
Wages and salaries	712	1,678
Social security costs	29	46
Pension costs, defined contribution scheme	64	95
Other employee expense	883	2,036
	1,688	3,855

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

	2021 No.	2020 No.
Consultants	3	11
Administration and support	1	2
	4	13

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Aggregate emoluments in respect of qualifying services	3,225	6,503
Company contributions to money purchase pension schemes	40	38
	3,265	6,541

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

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	3	3

In respect of the highest paid director:

	2021 £ 000	2020 £ 000
Total amount of emoluments and amounts receivable under long-term incentive scheme	(1,361)	(4,996)

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.

10 Auditor's remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	177	128

11 Taxation

(a) Tax on profit on ordinary activities

Tax charged/(credited) in the income statement

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	11,395	15,790
UK corporation tax adjustment to prior periods	(6,172)	5,037
	5,223	20,827
Foreign tax	20	-
Total current income tax	5,243	20,827
Deferred taxation		
Arising from origination and reversal of timing differences	3,106	30
Deferred tax adjustment relating to previous years	(861)	(3,643)
Total deferred taxation	2,245	(3,613)
Tax expense in the income statement	7,488	17,214

(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 (2020 - higher than) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	128,472	85,105
Corporation tax at standard rate	24,410	16,170
Expenses not deductible for tax purposes	282	98
Effect of tax losses	(10,313)	-
Effect of change of tax rate on opening deferred tax asset	141	122
Tax (overprovided)/underprovided in previous years	(7,032)	1,394
Tax increase (decrease) from effect of dividends from UK companies	-	(570)
Total tax charge	7,488	17,214

(c) Deferred tax

Deferred tax assets and liabilities

2021	Asset £ 000	Liability £ 000
Other Timing Differences	4,528	-
Accelerated capital allowances	-	(1,108)
	4,528	(1,108)

2020	Asset £ 000	Liability £ 000
Other Timing Differences	6,796	-
Accelerated capital allowances	-	(1,202)
	6,796	(1,202)

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 £3,550,000 (2020 - £3,700,000).

(d) 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 and therefore included in these financial statements. 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

	Software £ 000	Total £ 000
Cost or valuation		
At 1 January 2021	10,284	10,284
Additions	414	414
Disposals	(193)	(193)
At 31 December 2021	10,505	10,505
Amortisation		
At 1 January 2021	8,980	8,980
Amortisation charge	1,017	1,017
Amortisation eliminated on disposals	(191)	(191)
At 31 December 2021	9,806	9,806
Carrying amount		
At 31 December 2021	699	699
At 31 December 2020	1,304	1,304

13 Tangible assets

	Land and buildings £ 000	Short leasehold and property £ 000	Computer equipment £ 000	Office furniture, equipment and machinery £ 000	Total £ 000
Cost or valuation					
At 1 January 2021	19,586	8,065	6,381	5,157	39,189
Additions	679	59	2,027	911	3,676
Disposals	-	(17)	(1,168)	(9)	(1,194)
At 31 December 2021	20,265	8,107	7,240	6,059	41,671
Depreciation					
At 1 January 2021	4,924	1,859	4,259	2,949	13,991
Charge for the year	1,005	677	1,855	594	4,131
Eliminated on disposal	-	(5)	(1,148)	(6)	(1,159)
At 31 December 2021	5,929	2,531	4,966	3,537	16,963
Carrying amount					
At 31 December 2021	14,336	5,576	2,274	2,522	24,708
At 31 December 2020	14,662	6,206	2,122	2,208	25,198

14 Investments in subsidiaries, joint ventures and associates

	2021 £ 000	2020 £ 000
Investments in subsidiaries	1	1

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

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

	2021 £ 000	2020 £ 000
Trade debtors	69,871	40,256
Amounts owed by group undertakings	265,253	223,420
Other debtors	2,843	1,254
Prepayments	6,974	7,967
Accrued income	23,986	25,700
Income tax asset	11,248	-
	380,175	298,597

16 Debtors: amounts falling due after one year

	2021 £ 000	2020 £ 000
Deferred tax	3,755	5,929
Other debtors	1,231	1,231
	4,986	7,160

17 Cash

	2021 £ 000	2020 £ 000
Cash at bank	57,300	1,115

18 Creditors: amounts falling due within one year

	2021 £ 000	2020 £ 000
Trade creditors	1,781	3,223
Amounts owed to group undertakings	43,709	36,354
Social security and other taxes	29,564	24,114
Other payables	15,903	17,468
Accrued expenses	14,488	14,612
Corporation tax liability	-	6,388
Deferred income	22,977	19,287
Bonuses	96,542	91,248
	224,964	212,694

19 Creditors: amounts falling due after one year

	2021 £ 000	2020 £ 000
Other payables	-	70
Bonuses	4,660	2,497
	4,660	2,567

20 Other provisions

	Other provisions £ 000	Property provisions £ 000	Total £ 000
At 1 January 2021	(1,990)	(480)	(2,470)
Charged to the income statement	-	(118)	(118)
Utilised in the period	1,390	-	1,390
At 31 December 2021	(600)	(598)	(1,198)

Property provisions relate to dilapidations obligations on leasehold properties over the term of 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.

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 £64,000 (2020: £96,000).

There were no contributions payable to the scheme at the end of the year (2020: £15,000).

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 11 deferred pensioners remaining in the scheme.

The scheme surplus of £218,000 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

	2021 £ 000	2020 £ 000
Defined benefit pension arrangements with gross assets	218	181
Restriction to apply on recognition of surplus	(218)	(181)
	-	-

Analysis of amounts recognised in the income statement

	2021 £ 000	2020 £ 000
Running costs	(47)	(4)

Analysis of amounts recognised in the statement of other comprehensive income

	2021 £ 000	2020 £ 000
Actual return on assets less interest	(30)	133
Actuarial (loss)/gain on liability	64	(189)
Restriction to apply on recognition of surplus	13	60
Actuarial gain recognised on defined benefit pension arrangement	47	4
Total recognised in the statement of other comprehensive income	(47)	(4)

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

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	200	200	200	200

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:

	2021 £ 000	2020 £ 000
Within one year	5,398	5,735
Between one and five years	18,850	19,231
Over five years	24,217	28,905
	48,465	53,871

Leases as lessor
The Company leases out certain properties under operating leases.

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

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

	2021 £ 000	2020 £ 000
Within one year	33	130
Between one and five years	-	33
	33	163

24 Dividends

A dividend was not declared or paid during the year (2020: £82,000,000).

25 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £1,715,153 (2020 - £1,234,000).

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 £1,041,193 (2020 - £304,461). These are not expected to result in any material financial loss.

26 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.

27 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 Engineering Group Inc
From 2 March 2021 the Company entered into transactions, in the ordinary course of business, with the controlling shareholder (Jacobs Engineering Group Inc). The sales to 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 subsidiaries of Jacobs Engineering Group Inc
From 2 March 2021 the Company entered into transactions, in the ordinary course of business, with subsidiaries of the controlling shareholder (Jacobs Engineering Group 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.
During 2020 and 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 until 2 March 2021. 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.

Income and receivables from related parties

2021	Jacobs Engineering Group Inc £ 000	Subsidiaries of Jacobs Engineering Group Inc £ 000	Entities affilated with Carlyle Europe Partners IV, LP. £ 000
Provision of services	872	558	132
Amounts receivable from related party	1,027	295	-

2020	Entities affiliated with Carlyle Europe Partners IV, LP. £ 000
Provision of services	747
Amounts receivable from related party	134

Expenditure with and payables to related parties

2021	Jacobs Engineering Group Inc £ 000	Subsidiaries of Jacobs Engineering Group Inc £ 000	Entities affiliated with Carlyle Europe Partners IV, LP. £ 000
Purchase of services	(144)	(270)	(3)
Amounts payable to related party	(6)	(153)	-

2020	Entities affiliated with Carlyle Europe Partners IV, LP. £ 000
Purchase of services	(17)

28 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