

PA CONSULTING SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED

31 DECEMBER 1991

Registered Number 414220



PA CONSULTING SERVICES LIMITED  
REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 1991

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**PA CONSULTING SERVICES LIMITED**

**REPORT OF THE DIRECTORS**

**YEAR ENDED 31 DECEMBER 1991**

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**Report of the Directors**

The directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 31 December 1991.

**Principal Activities and Review of Business Developments**

The principal activities of the company continue to be the provision of consulting services to government and industry.

**Results and Dividends**

There was a loss for the year, after taxation, of £1,008,180 (1990 loss £1,488,297). The loss for the year has been transferred to reserves. During the year the directors paid a dividend of £500,000 (1990 £Nil).

**Directors**

The directors in office at the end of the year are listed below:

A J Foden	
J L N Walker	
K D Ridler	
P J Copping	
J Puttick	
M S J Rappolt	
F F Willigsecker	
D J Coulter	(appointed 01/09/91)
J A Barbour	(appointed 01/09/91)
R J Rowntree	(appointed 01/09/91)
B G Houston	(appointed 01/09/91)
D W Wightman	(appointed 01/09/91)

Directors who held office during the year are listed below:

A H Flanagan	(resigned 31/01/91)
C M Leeson	(resigned 31/08/91)
R D Brown	(resigned 31/12/91)

None of the directors has or has had any beneficial interest in shares of the company during the year.

# PA CONSULTING SERVICES LIMITED

## REPORT OF THE DIRECTORS

YEAR ENDED 31 DECEMBER 1991

### Directors (continued)

The following directors held an interest in the shares of the holding company, PA Holdings Limited, as at 31 December 1991.

	Ordinary shares 1991	Ordinary shares 1990
P J Copping	26,440	26,440
K D Ridler	26,940	26,940
J Puttick	26,940	26,940
F F Willigsecker	26,940	26,940
J A Barbour	8,040	8,040
R J Rowntree	2,000	2,000
B G Houston	26,940	26,940
D W Wightman	26,840	26,940

The interest of the remaining directors in the shares of the holding company, PA Holdings Limited, are shown in that company's financial statements.

### Directors' and officers' Insurance

The company maintains insurance for the directors and officers of the holding company in respect of liability attaching in the event of negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the company.

### Employee Involvement

The company has a policy of disseminating information to employees regarding the company's financial and product development. This is done by way of seminars and newsletters.

The company is organised into numerous profit centres and more senior people in each division have the opportunity to advise and influence their division's decision making. In addition, many employees can earn bonuses dependent on their division's and the company's financial performance.

### Disabled Persons

The company holds an exemption certificate covering the designated areas of employment for disabled persons, but its policy is to endeavour to employ such persons wherever possible.

### Close Company

In the opinion of the directors the company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

PA CONSULTING SERVICES LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 31 DECEMBER 1991

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Auditors

A resolution to re-appoint Grant Thornton as auditors in accordance with section 385 of the Companies Act 1985 will be proposed at the next Annual General Meeting.

BY ORDER OF THE BOARD



PA WADE  
Secretary

123 Buckingham Palace Road  
London  
SW1W 9SR

27 March 1992

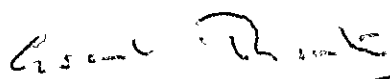
PA CONSULTING SERVICES LIMITED

REPORT OF THE AUDITORS

YEAR ENDED 31 DECEMBER 1991

We have audited the accounts set out on pages 5 to 17 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1991 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
GRANT THORNTON  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
LONDON

27 March 1992

# PA CONSULTING SERVICES LIMITED

## ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 1991

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The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards except where referred to below.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

### Turnover

Turnover represents the invoice values of fees earned excluding VAT. Billing of work is based on time worked, or on a state of completion of an assignment agreed previously with clients. Profits are taken on the same basis.

### Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land over their expected useful economic lives.

The rates generally applicable are:

Freehold buildings	2 1/2% of cost
Short leasehold properties	Equal instalments over the remaining period of the lease
Improvement to short leasehold	20% of cost
Furniture, office machinery and equipment	20% of cost
Computer equipment	33 1/3% of cost
Motor vehicles	25% of reducing balance

Certain freehold properties are not depreciated as the directors consider that the lives of the properties and their residual values are such that their depreciation is not significant, accordingly no depreciation is provided on these properties. This is not in accordance with Statement of Standard Accounting Practice No 12 (revised).

### Deferred taxation

Provision is made for deferred taxation, using the liability method, on short term timing differences and all other material timing differences which are not expected to reverse in the foreseeable future. It is provided for using the rates estimated to arise when the timing differences reverse.

PA CONSULTING SERVICES LIMITED

ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 1991

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*Leasing*

Assets leased to third parties are shown as current debtors. Leased assets are accounted for in accordance with the provisions of Statement of Standard Accounting Practice No 21. Leases are classified into finance leases and operating leases. Assets leased under finance leases are capitalised and depreciated over the shorter of the lease term and useful life. Operating lease rentals are charged to the profit and loss account on a straight line basis.

*Foreign currencies*

Assets, liabilities and trading results in foreign currencies are translated at the rates of exchange ruling at the balance sheet date, and the exchange gains and losses are taken to the profit and loss account.

*Contributions to pension funds*

The pension costs charged to the profit and loss account in respect of defined benefit pension schemes are based on actuarial methods and assumptions designed to provide the anticipated pension costs over the service lives of the employees in the scheme and are calculated to achieve a substantially level percentage of the current and expected future pensionable payroll.



PA CONSULTING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1991

	Note	1991 £	1990 £
Turnover			
Personnel costs	1	93,122,118 (68,856,774)	93,766,463 (68,749,154)
Gross profit		24,265,344	25,017,309
Administrative expenses			
Other operating expenditure	2	(21,195,809) (89,489)	(21,188,805) (373,918)
Net operating income			
Exceptional items	6	2,980,046 (3,882,080)	3,454,586 (3,905,701)
Other interest receivable and similar income	7	1,457,034	92,966
Interest payable and similar charges	8	(1,507,489)	(1,200,034)
Loss on ordinary activities before taxation			
Taxation	1 9	(952,489) (55,691)	(1,558,183) 69,886
Loss for the financial year		(1,008,180)	(1,488,297)
Dividends paid		(500,000)	-
Retained loss transferred to reserves		£(1,508,180)	£(1,488,297)
Statement of Retained Profits			
Balance at 1 January 1991		14,026,326	
Loss for the year		(1,508,180)	
Balance at 31 December 1991		£12,518,146	

The accounting policies and notes on pages 5,6 and 9 to 17 form part of these accounts.

PA CONSULTING SERVICES LIMITED

BALANCE SHEET

AT 31 DECEMBER 1991

	Note	1991 £	1990 £
Fixed assets			
Tangible assets	10	29,049,780	24,160,635
Investments	11	179,417	284,660
		<u>29,229,197</u>	<u>24,445,295</u>
Current assets			
Debtors	12	30,959,563	30,227,081
Cash at bank and in hand		359,644	851,338
		<u>31,319,207</u>	<u>31,078,419</u>
Creditors - amounts falling due within one year	13	(40,125,864)	(33,533,989)
Net current liabilities		<u>(8,806,657)</u>	<u>(2,455,570)</u>
Total assets less current liabilities		20,422,540	21,989,725
Creditors - amounts falling due after more than one year	14	(7,504,423)	(6,819,261)
Provision for liabilities and charges	15	(151,054)	(886,151)
Net assets		<u>£12,767,063</u>	<u>£14,284,313</u>
Capital and reserves			
Called-up share capital	16	200,000	200,000
Profit and loss account		12,518,146	14,026,326
Other reserves	17	48,917	57,987
Capital and reserves		<u>£12,767,063</u>	<u>£14,284,313</u>

A J FODEN )  
J L N WALKER ) DIRECTORS

27 March 1992

The accounting policies and notes on pages 5,6 and 9 to 17 form part of these accounts.

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1991

1 Turnover and loss on ordinary activities before taxation

The turnover and loss before taxation are attributable to the provision of consulting services.

An analysis of turnover by geographical market is given below:

	1991 £	Turnover 1990 £
United Kingdom	72,726,179	82,186,030
Continental Europe	15,510,230	10,040,123
North America	1,523,489	1,239,323
Asia and Pacific	3,362,220	300,987
	<u>£93,122,118</u>	<u>£93,766,463</u>

The loss on ordinary activities is stated after:

	1991 £	1990 £
Auditor's remuneration	76,000	75,000
Depreciation of tangible fixed assets	3,263,357	1,977,116
Hire of plant and equipment	1,280,159	1,000,166
Other operating lease rentals	8,148,516	3,878,104

2 Other operating income

	1991	1990
Exchange losses	<u>£(89,489)</u>	<u>£(373,918)</u>

3 Staff costs

Staff costs during the year

	1991 £	1990 £
Wages and salaries	44,457,604	49,337,621
Social security costs	3,993,037	4,092,211
Other pension costs	4,984,749	3,085,198
	<u>£53,435,390</u>	<u>£56,515,030</u>

This includes remuneration paid to the directors of the company. The average number of employees of the company during the year was 1,530 (1990 - 1,763).

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1991

4 Emoluments of Directors

	1991 £	1990 £
Executive remuneration	1,471,597	1,262,055
Pension contributions	177,357	182,507
	<u>£1,648,954</u>	<u>£1,444,562</u>

The emoluments, excluding pension contributions, of directors of the company are detailed as follows:

	1991 £	1990 £
Chairman and highest paid director	<u>£239,335</u>	<u>£237,570</u>

	1991 No	1990 No
Other directors		
£ 5,001 - £ 10,000	-	1
£ 25,001 - £ 30,000	1	-
£ 35,001 - £ 40,000	2	-
£ 45,001 - £ 50,000	1	-
£ 60,001 - £ 65,000	1	-
£ 75,001 - £ 80,000	-	1
£ 85,001 - £ 90,000	-	2
£ 95,001 - £100,000	1	1
£100,001 - £105,000	-	1
£105,001 - £110,000	1	3
£110,001 - £115,000	1	1
£120,001 - £125,000	-	-
£125,001 - £130,000	1	-
£130,001 - £135,000	1	1
£135,001 - £140,000	1	-
£145,001 - £150,000	1	-
£150,001 - £155,000	1	-

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1991

5 Pension costs

The company operates a pension scheme for employees in the United Kingdom. The pension costs relating to this defined benefit scheme are assessed in accordance with the advice of qualified actuaries.

The total pension cost for the company was £4.0m (1990 £3.0m).

In the United Kingdom the latest actuarial valuation was undertaken on 31 March 1990 using the projected unit credit method. The major assumptions used by the actuaries were: valuation rate of interest 10%, salary increases 8%, pension increases 6%, dividends growth 5%.

At 31 March 1991 the market value of the plan assets was £120.4 million and the actuarial value of the assets was sufficient to cover approximately 112% of the benefits which had accrued to members.

6 Exceptional item

	1991 £	1990 £
Amount written off listed investment	-	232,335
Reconstruction cost	-	3,673,366
Provision for future property losses	3,882,080	-
	<u>£3,882,080</u>	<u>£3,905,701</u>

The amounts provided in respect of future property losses represent anticipated losses on subletting of offices already vacated by the company and on subletting part of its presently occupied office surplus to present requirements.

7 Other income

	1991 £	1990 £
Other interest receivable	505,363	86,649
Dividends receivable from subsidiaries	-	6,317
Rents receivable	951,671	-
	<u>£1,457,034</u>	<u>£92,966</u>

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1991

8	Interest payable and similar charges	1991 £	1990 £
	On bank loans, overdrafts and other loans repayable within 5 years otherwise than by instalments	1,232,208	1,091,897
	Interest payable to group undertakings	1,281	3,549
	Interest paid on finance leases	274,000	104,588
		<u>£1,507,489</u>	<u>£1,200,034</u>

9 Tax on profits on ordinary activities

The tax charge is based on the profit for the year and represents:

	1991 £	1990 £
UK corporation tax at 33.25% (1990 - 34.25%)	(1,775,788)	(8,072)
Deferred taxation (note 15)	735,097	77,958
Adjustments relating to prior years	985,000	-
	<u>£(55,691)</u>	<u>£69,886</u>

10 Tangible fixed assets

	Freehold land and buildings	Property held on short leases	Furniture, office machinery & equipment	Motor vehicles	Total
Cost	£	£	£	£	£
At 1 January 1991	12,585,800	8,987,423	13,466,222	360,354	35,399,799
Reclassification		(2,730,532)	2,730,532		
Additions	5,770,259	993,641	1,508,755	-	8,272,655
Disposals			(171,598)	(69,842)	(241,440)
At 31 December 1991	<u>18,356,059</u>	<u>7,250,532</u>	<u>17,533,911</u>	<u>290,512</u>	<u>43,431,014</u>
Depreciation					
At 1 January 1991	(1,599,918)	(56,904)	(9,459,192)	(123,150)	(11,239,164)
Charge for year	(151,801)	(467,095)	(2,588,302)	(56,159)	(3,263,357)
Disposals			76,266	45,021	121,287
At 31 December 1991	<u>(1,751,719)</u>	<u>(523,999)</u>	<u>(11,971,228)</u>	<u>(134,288)</u>	<u>(14,381,234)</u>
Net book amount					
At 31 December 1991	<u>16,604,340</u>	<u>6,726,533</u>	<u>5,562,683</u>	<u>156,224</u>	<u>29,049,780</u>
At 31 December 1990	<u>10,985,882</u>	<u>8,930,519</u>	<u>4,007,030</u>	<u>237,204</u>	<u>24,160,635</u>

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1991

10 Tangible fixed assets (continued)

Included within furniture, office machinery and equipment are assets held under finance leases. The net book value of all such assets held at 31 December 1991 amounted to £2,696,525 (1990 - £2,326,129). The 1991 depreciation charge relating to these assets was £997,544 (1990 - £298,862).

Included in additions to freehold land and buildings is an amount of £393,000 which represents interest payable during the course of construction of the extension at Sundridge Park Management Centre.

Fully depreciated office furniture, machinery and equipment amounting to £6,277,000 is included in cost and depreciation.

11 Fixed asset investments

	Group under- takings £	Associated under- takings £	Unlisted invest- ments £	Total £
Cost				
At 1 January 1991	148,023	122,337	14,300	284,660
Reclassification	122,337	(122,337)		
At 31 December 1991	270,360	-	14,300	284,660
Amount written off in the year	(82,283)	(22,960)	-	(105,243)
Reclassification	(22,960)	22,960		
Net book amount at 31 December 1991	165,117	-	14,300	179,417
Net book amount 31 December 1990	148,023	122,337	14,300	284,660

The principal subsidiary undertakings, all of which are wholly owned, are as follows:

Name	Country of Incorporation	Business
PA Advertising Limited	England	Advertising
PA Group Treasury Limited	England	Financial Services Systems

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1991

12 Debtors

	1991 £	1990 £
Amounts falling due within one year:		
Trade debtors	18,267,026	21,966,420
Amounts owed by group undertakings	8,280,554	6,120,393
Other debtors	3,110,607	913,962
Prepayments and accrued income	1,301,376	1,226,306
	<u>£30,959,563</u>	<u>£30,227,081</u>

13 Creditors

	1991 £	1990 £
Amounts falling due within one year:		
Bank overdrafts	4,838,373	6,406,215
Trade creditors	3,486,948	7,818,601
Amounts owed to group undertakings	5,763,469	3,543,410
Current taxation	3,849,261	2,905,113
Social security and other taxes	5,571,008	3,454,827
Pension contributions	322,679	409,471
Other creditors	3,749,948	3,074,346
Accrued expenses	10,811,860	5,316,870
Amounts due under finance leases	732,318	605,136
Short term loan	1,000,000	-
	<u>£40,125,864</u>	<u>£33,533,989</u>

The bank overdraft is secured over the assets of the company.

14 Creditors

	1991 £	1990 £
Amounts falling due after more than one year		
Long term loans (note 18)	4,000,000	5,016,644
Finance lease creditors	1,180,335	1,796,617
Other	2,324,088	6,000
	<u>£7,504,423</u>	<u>£6,819,261</u>



PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1991

15 Provision for liabilities and charges

Full provision for deferred taxation has been made as follows:

	1991 £	1990 £
Balance at 1 January 1991	886,151	964,109
Provided during the year (note 9)	(735,097)	(77,958)
Balance at 31 December 1991	<u>151,054</u>	<u>£886,151</u>
Represented by:		
Accelerated capital allowances	1,269,501	1,098,332
Other timing differences	(1,118,447)	(212,181)
	<u>£151,054</u>	<u>£886,151</u>

16 Called-up share capital

Authorised	1991 & 1990
250,000 ordinary shares of £1 each	<u>£250,000</u>
Allotted, called-up and fully paid	1991 & 1990
200,000 ordinary shares of £1 each	<u>£200,000</u>

17 Other reserves

	1991 £	1990 £
At 1 January	57,987	63,807
Exchange differences	(9,070)	(5,820)
At 31 December	<u>£48,917</u>	<u>£57,987</u>

PA CONSULTING SERVICES LIMITED  
 NOTES TO THE ACCOUNTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 1991

	1991	1990
18 Contingent liabilities		
Guarantees	3,038,858	254,000
Other	1,430,000	-
	<u>£4,468,858</u>	<u>£254,000</u>

In addition, the company has given an unlimited guarantee in respect of a bank facility granted to the holding company.

	1991 £	1990 £
19 Long term loans		
Repayable between 1 January 1992 and 31 December 1995	<u>4,000,000</u>	<u>5,016,644</u>

This amount is due to Sundridge Park Management Centre Limited and carries interest at bank base rate.

20 Finance lease commitments

The company holds certain assets under finance leases. Obligations in respect of finance leases (net of finance charges allocated to future periods) are as follows:

	1991 £	1990 £
Payable by 31 December 1991	732,318	605,136
Payable between 1 January 1992 and 31 December 1995	<u>1,180,335</u>	<u>1,796,617</u>
	<u>£1,912,653</u>	<u>£2,401,753</u>

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1991

21 Operating lease commitments

The company has commitments to pay operating lease rentals in the year following the balance sheet date, in respect of leases expiring within the periods shown below, as follows:

	1991 £	1990 £
Lease of land and buildings		
Expiring within one year	38,950	1,312
Expiring within more than one year and less than five years	148,500	173,182
Expiring thereafter	7,521,017	8,407,893
	<u>7,708,467</u>	<u>£8,582,387</u>
Leases of other assets		
Expiring within one year	623,047	746,937
Expiring within more than one year and less than five years	3,622,588	203,682
Expiring thereafter	7,154	1,192,028
	<u>£4,252,789</u>	<u>£2,142,647</u>

22 Capital Commitments

At 31 December 1991 the directors had authorised future capital expenditure which amounted to:

	1991 £	1990 £
Committed and contracted	-	6,500,000

23 Ultimate parent undertaking

The directors consider that the ultimate parent undertaking is PA Holdings Limited, which is registered in England.