

COMPANY REGISTRATION NUMBER 00414220

PA CONSULTING SERVICES LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2008

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PA CONSULTING SERVICES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

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PA CONSULTING SERVICES LIMITED

OFFICERS AND ADVISERS

The board of directors

J Moynihan
A Spreadbury
K Janjuah
A Middleton
D Vickerstaffe

Company secretary

L Todd

Registered office

123 Buckingham Palace Road
London
SW1W 9SR

Auditor

Ernst & Young LLP
Chartered Accountants
& Registered Auditors
1 More London Place
London
SE1 2AF

PA CONSULTING SERVICES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2008

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continues to be the provision of a range of consultancy services to government and industry. The company is based in the United Kingdom with branches in Ireland and Dubai.

The company delivered excellent financial results for the year to 31 December 2008 with substantial increases in profitability and shareholders' funds. While turnover for 2008 of £257.1 million represents an increase of £20.3 million or 8.6% (2007: 236.9 million), operating profit has increased by £6.0 million or 73.3% to £14.3 million (2007: £8.2 million). Profit before tax was £12.2 million (2007: £6.5 million) and retained profit after tax was £7.6m (2007: £4.7 million). The improvement in profitability compared to 2007 was due to the growth in turnover noted above together with continued close management of administrative expenses to ensure that these did not increase at a rate greater than the growth in turnover.

Shareholders' funds increased from £10.0 million to £19.3 million during the financial year, mainly as a result of the retained profit for the year. The development, performance and position of PA, which includes the company, are discussed on pages 2 to 30 of the PA Consulting Group Limited Report and Accounts for 2008, which are separately available.

FUTURE DEVELOPMENTS

We began 2009 with a strong balance sheet and a healthy and balanced stock of work which gives the directors confidence that the company can deliver good business performance in the new financial year, despite the impact of the economic slow-down.

Our business is not overly reliant on any one client or business segment and turnover is expected to continue to be generated from a large number of different assignments.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £7,577,000 (2007 - £4,730,000). The directors consider that the results for the year and the financial position at the end of the year were satisfactory. The directors have not recommended a dividend (2007 - £Nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The company is a subsidiary of the PA Consulting Group ("the Group"), which is managed in sectors and groups. Business performance and principal risks and uncertainties are integrated with the performance and principal risks and uncertainties 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 principal risks and uncertainties facing it can be found in the PA Consulting Group Limited Annual Report for 2008.

RESEARCH AND DEVELOPMENT

The company will continue its policy of investment in research and development in order to retain a competitive position in the market.

POLICY ON PAYMENT OF CREDITORS

The average creditor days for the company was 16 days with payments made on a weekly basis according to supplier terms which are commonly between 14 and 30 days. Specific arrangements are made with some suppliers outside of this based on contractual requirements. All terms agreed with suppliers are made known to the appropriate staff and to suppliers on request.

PA CONSULTING SERVICES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

DIRECTORS

The directors who served the company during the year were as follows:

J Moynihan

A Spreadbury

K Janjua

A Middleton

D Vickerstaffe

(Appointed 30 June 2008)

D Walker

(Resigned 30 June 2008)

In accordance with the Articles of Association, directors are not required to retire from the board on a rotational basis.

DIRECTORS' INDEMNITY AND INSURANCE

In accordance with the Articles of Association, PA Consulting Group Limited 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. PA Consulting Group Limited 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.

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 financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

PA CONSULTING SERVICES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

POST BALANCE SHEET EVENT

No events have occurred since the end of the financial year which require reporting of disclosure in the financial statements.

AUDITOR

The auditors, Ernst & Young LLP, are deemed to be re-appointed in accordance with section 487 of the Companies Act 2006.

LAYING OF ACCOUNTS

In accordance with the Companies Act 2006, the company is not required to lay its accounts before the members in general meeting. Members, however, may by notice in writing to the company at its registered office require that accounts are laid before the members in general meeting.

Signed by order of the directors



L TODD
Company Secretary

Approved by the directors on 16 June 2009

PA CONSULTING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PA CONSULTING SERVICES LIMITED

YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements of PA Consulting Services Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

PA CONSULTING SERVICES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PA
CONSULTING SERVICES LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2008

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst + Young LLP

ERNST & YOUNG LLP

1 More London Place
London
SE1 2AF

18 June 2009

PA CONSULTING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2008

	Note	2008 £000	2007 £000
TURNOVER	2	257,127	236,869
Administrative expenses		(243,461)	(228,647)
Other operating income		630	25
OPERATING PROFIT	3	14,296	8,247
Other provisions		—	35
		14,296	8,282
Interest receivable	5	68	126
Interest payable and similar charges	6	(2,133)	(1,942)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,231	6,466
Tax on profit on ordinary activities	7	(4,654)	(1,736)
PROFIT FOR THE FINANCIAL YEAR		7,577	4,730

All of the activities of the company are classed as continuing.

The notes on page 7 form part of these financial statements.

PA CONSULTING SERVICES LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2008

	2008	2007
	£000	£000
Profit for the financial year attributable to the shareholders	7,577	4,730
Currency translation differences	1,771	222
Total gains and losses recognised since the last annual report	<u>9,348</u>	<u>4,952</u>

The notes on page 8 form part of these financial statements.

PA CONSULTING SERVICES LIMITED

BALANCE SHEET

31 DECEMBER 2008

	Note	£000	2008 £000	2007 £000
FIXED ASSETS				
Intangible assets	8		36,174	41,404
Tangible assets	9		27,001	26,031
			<u>63,175</u>	<u>67,435</u>
CURRENT ASSETS				
Debtors due within one year	11	111,965		121,714
Debtors due after one year	11	13,574		12,875
Cash at bank		3,098		3,213
		<u>128,637</u>		<u>137,802</u>
CREDITORS: Amounts falling due within one year	13	(130,004)		(157,872)
NET CURRENT LIABILITIES			<u>(1,367)</u>	<u>(20,070)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>61,808</u>	<u>47,365</u>
CREDITORS: Amounts falling due after more than one year	14		(41,319)	(36,956)
PROVISIONS FOR LIABILITIES				
OTHER PROVISIONS	15		<u>(1,150)</u>	<u>(418)</u>
			<u>19,339</u>	<u>9,991</u>
CAPITAL AND RESERVES				
Called-up equity share capital	18		200	200
Profit and loss account	19		19,139	9,791
SHAREHOLDERS' FUNDS	20		<u>19,339</u>	<u>9,991</u>

These financial statements were approved by the directors and authorised for issue on 16 June 2009 and are signed on their behalf by:

Director

The notes on page 9 form part of these financial statements.

PA CONSULTING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is taking advantage of the exception under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent company, PA Consulting Group Limited, which are publicly available (see note 22). Consequently, these financial statements contain information about PA Consulting Services Limited as an individual company, not as the parent of the group.

Going concern

These financial statements have been prepared on a going concern basis because PA Consulting Group Limited, the ultimate parent company has committed to provide continued financial support to enable the company to meet its liabilities as they fall due.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Related parties transactions

The company is a subsidiary of PA Holdings Limited and the results, position and cash flows of both the company and PA Holdings Limited are included in the consolidated financial statements of PA Consulting Group Limited, which are publicly available.

Consequently, the company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the PA Consulting Group Limited group or investees of the PA Consulting Group Limited.

PA CONSULTING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES *(continued)*

Turnover

Turnover is stated net of value added tax and similar taxes. Revenue is recognised on a time and materials basis, or on a percentage of completion basis, depending on the contract, as services are provided by employee and sub-contractors. Revenue from time and materials service contracts is recognised as the services are provided. Revenue from fixed-price long-term contracts is recognised over the contract term based on the percentage of services provided during the period compared to the total estimated services to be provided over the entire contract.

Losses on contracts are recognised during the period in which the loss first becomes probable and can reasonably be estimated. Contract losses are determined to be the amount by which the estimated direct and indirect costs of the contract exceed the estimated total revenues that will be generated by the contract.

Contract provisions and long-term contracts

Full provision is made for any estimated losses to completion of contracts having regard to the overall substance of the arrangements, including, if appropriate, related commitments and undertakings given by clients. Provided that the outcome of long-term contracts can be assessed with reasonable certainty, such contracts are valued at cost plus attributable profit earned to date.

Revenue recognised in excess of billings is recorded as accrued income. Billings in excess of revenue recognised are recorded as payments on account until the above revenue recognition criteria are met. Reimbursements, including those relating to travel and other out-of-pocket expenses, and similar third-party costs, such as the cost of hardware and software resales, are included in revenue, and an equivalent amount of reimbursable expenses are included in direct costs.

Research and development expenditure

Research and development expenditure is written off in the year in which it is incurred.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Licences are amortised over a period of 10 years being the length of the licence granted

Fixed assets

All fixed assets are initially recorded at cost.

Fixed asset investments

Investments are included as fixed assets and are shown at cost less provision for any diminution in value considered permanent.

PA CONSULTING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property and buildings

2% - 10% on cost

Property held on short lease

equal instalments over the remaining period of lease*

Office furniture, machinery and equipment

10% - 33% on cost

Computer equipment

20% - 50% on cost

*unless the useful life of the asset is determined to be less than that of the lease.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

- 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.

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.

PA CONSULTING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

The results of foreign subsidiary undertakings are translated into sterling at the average rate of exchange during the year. Their assets and liabilities are translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences that arise from translation of the opening net investment in foreign subsidiary undertakings are taken to reserves.

Foreign currency transactions are translated at rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date; any differences are taken to the profit and loss account.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, which are taken directly to reserves to the extent of the exchange differences arising on the net investment in these enterprises, provided they are used to finance or hedge against foreign equity investments.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

PA CONSULTING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	2008 £000	2007 £000
United Kingdom	224,368	212,542
Europe	12,806	11,490
Scandinavia	1,571	942
Americas	9,599	6,914
Asia Pacific	8,783	4,981
	<u>257,127</u>	<u>236,869</u>

An analysis of the profit before tax and net assets by geographic region is not provided because there is no suitable basis of allocating the profit before tax, assets and related liabilities to geographical segments because the company's resources are utilised flexibly over all geographical segments.

3. OPERATING PROFIT

Operating profit is stated after charging:

	2008 £000	2007 £000
Amortisation of intangible assets	5,230	5,230
Depreciation of owned fixed assets	4,145	3,825
Loss on disposal of fixed assets	15	—
Operating lease costs:		
- Plant and equipment	594	439
- Other	4,813	5,255
Net loss on foreign currency translation	835	326
Auditor's remuneration - audit of the financial statements	125	154
Auditor's remuneration - other fees	<u>11</u>	<u>80</u>

The company non-auditing services charge includes £11,000 (2007 - £22,000) for taxation services.

PA CONSULTING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

4. PARTICULARS OF EMPLOYEES

The company had no employees during the current and prior year. However, it uses the staff of a fellow group company and is charged a fee in respect of the work performed by those individuals.

The total aggregate emoluments paid to directors during 2008 was £3,956,131, inclusive of pension contributions of £268,767.

The emoluments of the directors are paid by the parent company, PA Holdings Limited. The directors' work is primarily on a group basis and it is not possible to make an accurate apportionment of their emoluments in respect of each individual subsidiary company. Accordingly, the above details represent the total remuneration paid to the directors in respect of all their duties.

The emoluments, excluding pension contributions, of the highest paid director were £2,515,179. Included in the highest paid director's emoluments is £88,199 paid to Vos Amis Limited, a related party, for the provision of support services and administration (2007: £95,000). The amount owed to Vos Amis Limited at the year end amounted to £nil (2007: £nil).

Pension contributions paid to the highest paid director were £231,666 (2007: £222,501).

For all executive directors, for this and prior years, 30% of the bonus included in these amounts will be withheld for up to five years and only paid contingent on certain non-performance-related criteria being met.

5. INTEREST RECEIVABLE

	2008	2007
	£000	£000
Bank interest receivable	1	72
Interest from group undertakings	67	54
	<u>68</u>	<u>126</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£000	£000
Interest payable on bank borrowing	1	2
Interest on other loans	2,132	1,940
	<u>2,133</u>	<u>1,942</u>

Interest paid to group undertakings amounted to £2,132,000 (2007 - £1,940,000).

PA CONSULTING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2008 £000	2007 £000
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 28.50% (2007 - 30%)	9,068	2,735
Over/under provision in prior year	(3,715)	882
Total current tax	5,353	3,617
Deferred tax:		
Origination and reversal of timing differences	(699)	(1,881)
Tax charge on profit on ordinary activities	<u>4,654</u>	<u>1,736</u>

PA CONSULTING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the apportioned rate of corporation tax in the UK of 28.50% (2007 - 30%).

	2008 £000	2007 £000
Profit on ordinary activities before taxation	<u>12,231</u>	<u>6,466</u>
Profit on ordinary activities by rate of tax	3,485	1,940
Expenses not deductible for tax purposes	5,350	1,779
Adjustments to tax charge in respect of previous periods	(3,715)	882
Decrease deduction for qualifying R&D expenditure	(800)	(570)
Group relief	(492)	(1,575)
Origination and reversal of timing differences	<u>1,525</u>	<u>1,161</u>
Total current tax charge for the year (note 7(a))	<u>5,353</u>	<u>3,617</u>

(c) Factors that may affect future tax charges

The current tax charges in future periods are likely to be affected by the reversal of the timing differences shown in note 12. However, the directors anticipate that similar timing differences will arise such that the net effect is not as significant.

8. INTANGIBLE FIXED ASSETS

	Licences £000
COST	
At 1 January 2008 and 31 December 2008	<u>52,300</u>
AMORTISATION	
At 1 January 2008	10,896
Charge for the year	<u>5,230</u>
At 31 December 2008	<u>16,126</u>
NET BOOK VALUE	
At 31 December 2008	<u>36,174</u>
At 31 December 2007	<u>41,404</u>

PA CONSULTING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

9. TANGIBLE FIXED ASSETS

	Freehold property and buildings £000	Property held on short lease £000	Office furniture, machinery and equipment £000	Computer equipment £000	Total £000
COST					
At 1 January 2008	23,031	17,102	10,361	13,706	64,200
Additions	202	2,793	1,162	1,019	5,176
Disposals	(365)	(7,459)	(4,000)	(9,288)	(21,112)
At 31 December 2008	<u>22,868</u>	<u>12,436</u>	<u>7,523</u>	<u>5,437</u>	<u>48,264</u>
DEPRECIATION					
At 1 January 2008	7,436	10,059	8,357	12,317	38,169
Charge for the year	1,689	865	489	1,102	4,145
On disposals	(219)	(7,459)	(4,000)	(9,373)	(21,051)
At 31 December 2008	<u>8,906</u>	<u>3,465</u>	<u>4,846</u>	<u>4,046</u>	<u>21,263</u>
NET BOOK VALUE					
At 31 December 2008	<u>13,962</u>	<u>8,971</u>	<u>2,677</u>	<u>1,391</u>	<u>27,001</u>
At 31 December 2007	<u>15,595</u>	<u>7,043</u>	<u>2,004</u>	<u>1,389</u>	<u>26,031</u>

PA CONSULTING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

10. INVESTMENTS

Shares in group undertakings

The company holds more than 20% of the issued share capital of the companies listed below,

Name of undertaking	Country of incorporation/ registration	Class of shares held	%	Nature of business
PA Advertising Limited	England	Ordinary	100	Dormant
PA Leasing Limited	England	Ordinary	100	Dormant
PA Consulting Sub Limited (formerly PA Consulting Group Limited)	England	Ordinary	100	Dormant
PA Middle East Limited	England	Ordinary	100	Consultancy
PA Middle East (Qatar) Limited	England	Ordinary	100	Dormant
PA Management Consultants Limited	England	Ordinary	50	Dormant
PA Projects Limited	England	Ordinary	50	Dormant
PA Pension Trustees Limited	England	Ordinary	48	Dormant

During the year, the company

- transferred 1 ordinary share of £1 in PA Netherlands Treasury Services Limited (formerly PA Real Estate Limited) for a consideration of £1, to another company in the Group;
- was allotted 1 ordinary share of £1 in PA Middle East Limited for a consideration of £1;
- was allotted 1 ordinary share of £1 in PA Middle East (Qatar) Limited for a consideration of £1.

The company has taken advantage of the exemption conferred by section 228 of the Companies Act 1985 not to produce group financial statements on the grounds that the ultimate parent company produces consolidated financial statements which are publicly available.

11. DEBTORS

	2008 £000	2007 £000
Trade debtors	31,385	39,211
Amounts owed by group undertakings	58,731	66,654
Corporation tax	17,201	6,943
Other debtors	483	6,054
Prepayments and accrued income	4,165	2,852
Deferred taxation (note 12)	13,574	12,875
	<u>125,539</u>	<u>134,589</u>

The debtors above include the following amounts falling due after more than one year:

	2008 £000	2007 £000
Deferred taxation	<u>13,574</u>	<u>12,875</u>

PA CONSULTING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

12. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2008	2007
	£000	£000
Included in debtors (note 11)	<u>13,574</u>	<u>12,875</u>

The movement in the deferred taxation account during the year was:

	2008	2007
	£000	£000
Balance brought forward	12,875	10,994
Profit and loss account movement arising during the year	699	1,881
Balance carried forward	<u>13,574</u>	<u>12,875</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2008	2007
	£000	£000
Excess of taxation allowances over depreciation on fixed assets	(1,183)	(944)
Tax losses available	-	43
Bonus	14,235	13,396
Other timing differences	522	380
	<u>13,574</u>	<u>12,875</u>

13. CREDITORS: Amounts falling due within one year

	2008	2007
	£000	£000
Payments received on account	8,227	10,914
Trade creditors	2,982	2,896
Amounts owed to group undertakings	52,188	82,565
Other taxation and social security	13,466	14,224
Other creditors	6,007	5,581
Bonuses	41,648	35,957
Accruals and deferred income	5,486	5,735
	<u>130,004</u>	<u>157,872</u>

14. CREDITORS: Amounts falling due after more than one year

	2008	2007
	£000	£000
Bonuses	<u>41,319</u>	<u>36,956</u>

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15. OTHER PROVISIONS

	Property provisions £000
Balance brought forward	418
Profit and Loss Account movement arising during the year	732
Balance carried forward	<u>1,150</u>

Property provisions relate to the differences between rents payable and rents receivable on all vacant and sub-let space, and leasehold dilapidation costs arising on lease termination which are assessed on lease-by-lease basis throughout the year.

16. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007
	Land and buildings £000	Other Items £000	Land and buildings £000
Operating leases which expire:			Other Items £000
Within 2 to 5 years	411	326	378
After more than 5 years	<u>4,597</u>	<u>-</u>	<u>4,148</u>
	<u>5,008</u>	<u>326</u>	<u>4,526</u>
			<u>343</u>

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard No.8, 'Related party transactions', not to disclose details of transactions with other group companies as 100% of the voting rights are controlled within the group and consolidated financial statements are publicly available.

18. SHARE CAPITAL

Authorised share capital:

	2008 £000	2007 £000
250,000 Ordinary shares of £1 each	<u>250</u>	<u>250</u>

Allotted, called up and fully paid:

	2008		2007
	No	£000	No
Ordinary shares of £1 each	<u>200,000</u>	<u>200</u>	<u>200,000</u>
			<u>200</u>

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19. PROFIT AND LOSS ACCOUNT

	2008	2007
	£000	£000
Balance brought forward	9,791	4,839
Profit for the financial year	7,577	4,730
Foreign currency retranslation	1,771	222
Balance carried forward	<u>19,139</u>	<u>9,791</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£000	£000
Profit for the financial year	7,577	4,730
Other recognised gains for the year	1,771	222
Net addition to shareholders' funds	9,348	4,952
Opening shareholders' funds	9,991	5,039
Closing shareholders' funds	<u>19,339</u>	<u>9,991</u>

21. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £Nil (2007 - £1,000,000).

22. ULTIMATE PARENT COMPANY

The directors regard PA Holdings Limited as the immediate parent company and PA Consulting Group Limited as both the ultimate parent company and controlling party.

The company's results have been included in the consolidated financial statements of PA Consulting Group Limited, copies of which can be obtained from the registered office at 123 Buckingham Palace Road, London SW1W 9SR.