

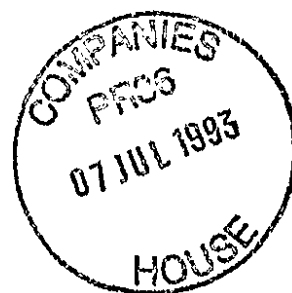
PA CONSULTING SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED

31 DECEMBER 1992

Registered Number 414220



PA CONSULTING SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1992

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PA CONSULTING SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1992

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 1992.

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 £637,344 (1991 £1,008,180). The loss for the year has been transferred to reserves. The directors do not recommend the payment of a dividend (1991 £500,000).

Directors

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

N H Rawlings	(appointed 1/1/92)
J L Gilmour	(appointed 1/1/92)
J Moynihan	(appointed 7/4/92)
J L N Walker	
P J Copping	
J Puttick	
M S J Rappolt	
F F Willigsecker	
D J Coulter	
D A Cook	(appointed 1/1/92)
K D Ridler	
B G Houston	
D W Wightman	
B E Tindale	(appointed 1/1/92)

Directors who held office during the year are listed below:-

A J Foden	(resigned 7/4/92)
J A Barbour	(resigned 9/3/92)
R J Rowntree	(resigned 13/7/92)

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

PA CONSULTING SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1992

Directors (continued)

The following directors held an interest in the shares of the holding company, PA Holdings Limited, as at 31 December 1992.

	Ordinary shares 1992	Ordinary shares 1991
P J Copping	36,440	26,440
K D Ridler	26,940	26,940
F F Willigsecker	26,940	26,940
B G Houston	26,940	26,940
D W Wightman	26,940	26,840
B E Tindale	36,940	26,940
D A Cook	26,940	26,940
J Puttick	26,940	26,940
J L Gilmour	29,440	26,940
N H Rawlings	26,940	26,940

The following directors held share options in the shares of the holding company, PA Holdings Limited, as at 31 December 1992.

	Share Options 1992	Share Options 1991
P J Copping	30,000	30,000
K D Ridler	30,000	30,000
F F Willigsecker	30,000	30,000
B G Houston	15,000	15,000
D W Wightman	20,000	20,000
B E Tindale	20,000	20,000
D A Cook	20,000	20,000
J Puttick	30,000	30,000
J L Gilmour	15,000	15,000
N H Rawlings	20,000	20,000

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

No options have been exercised during the financial year.

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.

PA CONSULTING SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1992

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.

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



P A WADE
secretary

123 Buckingham Palace Road
London
SW1W 9SR

26 March 1993

PA CONSULTING SERVICES LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF PA CONSULTING SERVICES LIMITED FOR THE YEAR ENDED 31 DECEMBER 1992.

We have audited the accounts set out on pages 5 to 19 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 1992 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

26 March 1993

PA CONSULTING SERVICES LIMITED

ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 1992

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards except where referred to in tangible fixed assets 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 stage of completion of an assignment agreed previously with clients. Profits are taken on the same basis.

Tangible Fixed Assets

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

The rates generally applicable are:-

Freehold buildings	2 $\frac{1}{2}$ % 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% to 33% of cost
Motor vehicles	25% of reducing balance

One freehold property, part of which is grade 1 listed, is not depreciated. This asset is maintained in a continual state of sound repair and accordingly the directors consider that the life of this asset is so long and its residual value so high that its depreciation is insignificant. Accordingly no depreciation is provided on this property.

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 current rate of Corporation Tax.

PA CONSULTING SERVICES LIMITED

ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31 DECEMBER 1992

Leasing

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 the assets' economic useful life. Operating lease rentals are charged to the profit and loss account, on a straight line basis over the term of the lease.

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. Variations from regular costs are allocated over a period approximating to the remaining service lives of current employees of the scheme.

PA CONSULTING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1992

	Note	1992 £	1991 £
Turnover	1	89,736,475	93,122,118
Personnel costs		<u>(65,250,079)</u>	<u>(68,856,774)</u>
Gross profit		24,486,396	24,265,344
Administrative expenses		(18,010,387)	(20,244,138)
- Exceptional items	6	(5,070,397)	(3,882,080)
Other operating expenditure	2	<u>-</u>	<u>(89,489)</u>
Net operating income		1,405,612	49,637
Other interest receivable and similar income	7	284,891	505,363
Interest payable and similar charges	8	<u>(1,605,878)</u>	<u>(1,507,489)</u>
Loss on ordinary activities before taxation	1	84,625	(952,489)
Taxation	9	<u>(721,969)</u>	<u>(55,691)</u>
Loss for the financial year		(637,344)	(1,008,180)
Dividends paid		<u>-</u>	<u>(500,000)</u>
Retained loss transferred to reserves		<u>£(637,344)</u>	<u>£(1,508,180)</u>
Statement of Retained Profits			
Balance at 1 January 1992		12,518,146	
Loss for the year		<u>(637,344)</u>	
Balance at 31 December 1992		<u>£11,880,802</u>	

The accounting policies and notes on pages 5, 6 and 9 to 19 form part of these Financial Statements.

PA CONSULTING SERVICES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1992

	Note	1992 £	1991 £
Fixed assets			
Tangible assets	10	27,970,453	29,049,780
Investments	11	<u>87,541</u>	<u>179,417</u>
		<u>28,057,994</u>	<u>29,229,197</u>
Current assets			
Debtors	12	36,113,046	30,959,563
Cash at bank and in hand		<u>172,090</u>	<u>359,644</u>
		36,285,136	31,319,207
Creditors - amounts falling due within one year	13	<u>(44,557,615)</u>	<u>(38,040,960)</u>
Net current liabilities		<u>(8,272,479)</u>	<u>(6,721,753)</u>
Total assets less current liabilities		19,785,515	22,507,444
Creditors - amounts falling due after more than one year	14	(575,209)	(5,186,335)
Provision for liabilities and charges	15	<u>(6,976,228)</u>	<u>(4,554,046)</u>
Net assets		<u>£12,234,078</u>	<u>£12,767,063</u>
Capital and reserves			
Called-up share capital	16	200,000	200,000
Profit and loss account		11,880,802	12,518,146
Other reserves	17	<u>153,276</u>	<u>48,917</u>
Capital and reserves		<u>£12,234,078</u>	<u>£12,767,063</u>

J P Moynihan

D J Coulter

Directors

San Moynihan
D J Coulter

26 March 1993

The accounting policies and notes on pages 5, 6 and 9 to 19 form part of these Financial Statements.

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1992

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:-

	1992 £	1991 £
United Kingdom	73,771,132	72,726,179
Continental Europe	14,094,861	15,510,230
North America	340,678	1,523,489
Asia and Pacific	1,529,804	3,362,220
	<u>£89,736,475</u>	<u>£93,122,118</u>

An analysis of the loss before tax and net assets by geographic region is not provided.

The profit/(loss) on ordinary activities is stated after:-

	1992 £	1991 £
Auditors' remuneration - audit work	69,000	66,000
- non audit work	11,000	10,000
Depreciation of tangible fixed assets	2,906,864	3,263,357
Hire of plant and equipment	636,347	1,280,159
Other operating lease rentals	12,439,530	8,148,516

2. Other operating income

	1992 £	1991 £
Exchange losses	-	£(89,489)

3. Staff costs

Staff costs during the year

	1992 £	1991 £
Wages and salaries	40,477,079	44,457,604
Social security costs	3,672,293	3,993,037
Other pension costs	4,620,443	4,984,749
	<u>£48,769,815</u>	<u>£53,435,390</u>

This includes remuneration paid to the directors of the company.

The average number of employees of the company during the year was 1,390 (1991 1,530).

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1992

4. Emoluments of Directors

	1991 £	1991 £
Executive remuneration	2,028,144	1,471,597
Pension contributions	167,856	177,357
	<u>£2,196,000</u>	<u>£1,648,954</u>

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

	1992 £	1991 £
Chairman and highest paid director in 1991	169,000	239,335
Chairman and highest paid director	460,142	-

	1992 No	1991 No
--	------------	------------

Other directors received emoluments (excluding pension contributions) in the following ranges:

£ 25,001 - £ 30,000	-	1
£ 35,001 - £ 40,000	1	2
£ 40,001 - £ 45,000	1	-
£ 45,001 - £ 50,000	-	1
£ 60,001 - £ 65,000	-	1
£ 65,001 - £ 70,000	1	-
£ 75,001 - £ 80,000	-	-
£ 85,001 - £ 90,000	1	-
£ 95,001 - £100,000	-	1
£100,001 - £105,000	2	-
£105,001 - £110,000	-	1
£110,001 - £115,000	1	1
£115,001 - £120,000	1	-
£120,001 - £125,000	1	-
£125,001 - £130,000	-	1
£130,001 - £135,000	-	1
£135,001 - £140,000	1	1
£140,001 - £145,000	1	-
£145,001 - £150,000	-	1
£150,001 - £155,000	1	1
£165,001 - £170,000	1	-
£170,000 - £175,000	1	-

Five directors waived a total of £50,602 (1991 - £nil) of their contractual emoluments during the year.

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1992

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 £5.0m (1991 £5.1m)

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 5.5%.

At 31 March 1990, the market value of the scheme assets was £116.2 million and the actuarial value of the assets was sufficient to cover approximately 114% of the benefits which had accrued to members.

6. Exceptional items

	1992 £	1991 £
Provision for future property losses	4,658,397	3,882,080
Reorganisation costs	<u>412,000</u>	<u>-</u>
	<u>5,070,397</u>	<u>£3,882,080</u>

The amount provided in respect of future property losses represents 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

	1992 £	1991 £
Other interest receivable	<u>284,891</u>	<u>505,363</u>

PA CONSULTING SERVICES LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 DECEMBER 1992

8. Interest payable and similar charges

	1992 £	1991 £
On bank loans, overdrafts and other loans repayable within 5 years otherwise than by instalments	1,472,646	1,232,208
Interest payable to group undertakings	-	1,281
Interest paid on finance leases	<u>133,232</u>	<u>274,000</u>
	<u>£1,605,878</u>	<u>£1,507,489</u>

9. Tax on profits on ordinary activities

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

	1992 £	1991 £
UK corporation tax at 33% (1991 - 33.25%)	(1,738,551)	(1,775,788)
Deferred taxation (note 15)	151,054	735,097
Adjustments relating to prior years	<u>863,528</u>	<u>985,000</u>
	<u>£(721,969)</u>	<u>£(55,691)</u>

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1992

10. Tangible fixed assets

	Freehold land and buildings £	Property held on short leases £	Furniture office machinery & equipment £	Motor vehicles £	Total £
Cost at 1 Jan 1992	18,356,059	7,250,532	17,533,911	290,512	43,431,014
Additions	853,465	489,387	569,006	-	1,911,858
Reclassification	16,029	-	(16,029)	-	-
Disposals	-	-	-	(84,322)	(84,322)
at 31 Dec 1992	<u>19,225,553</u>	<u>7,739,919</u>	<u>18,086,888</u>	<u>206,190</u>	<u>45,258,550</u>
Depreciation at 1 Jan 1992	(1,751,719)	(523,999)	(11,971,570)	(133,946)	(14,381,234)
Charge for year	(160,573)	(572,275)	(2,180,811)	(32,204)	(2,945,863)
Disposals	-	-	-	39,000	39,000
at 31 Dec 1992	<u>(1,912,292)</u>	<u>(1,096,274)</u>	<u>(14,152,381)</u>	<u>(127,150)</u>	<u>(17,288,097)</u>
Net book amount at 31 Dec 1992	<u>£17,313,261</u>	<u>£6,643,645</u>	<u>£3,934,507</u>	<u>£79,040</u>	<u>£27,970,453</u>
at 31 Dec 1991	<u>£16,604,340</u>	<u>£6,726,533</u>	<u>£5,562,341</u>	<u>£156,566</u>	<u>£29,049,780</u>

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 1992 amounted to £954,635 (1991 - £1,698,981). The 1992 depreciation charge relating to these assets was £744,346 (1991 - £997,544).

Interest on capital borrowed to finance construction of the extension at Sundridge Park Management Centre is included in freehold land and buildings to the extent of £393,000 (1991 £393,000).

Fully depreciated office furniture, machinery and equipment amounting to £6,277,000 (1991 - £6,277,000) is included in cost and depreciation.

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1992

11. Fixed asset investments

	Group under- takings £	Associated under- takings £	Unlisted invest- ments £	Total £
At 1 January 1992	165,117	-	14,300	179,417
Amounts written off in year	<u>(91,876)</u>	<u>-</u>	<u>-</u>	<u>(91,876)</u>
Net book value as at 31 December 1992	<u>£73,241</u>	<u>-</u>	<u>£14,300</u>	<u>£87,541</u>
Net book value as at 31 December 1991	<u>£165,117</u>	<u>-</u>	<u>£14,300</u>	<u>£179,417</u>

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

12. Debtors

	1992 £	1991 £
Amounts falling due within one year:		
Trade debtors	18,737,079	18,267,026
Amounts owed by group undertakings	12,268,060	8,280,554
Other debtors	2,449,621	3,110,607
Prepayments and accrued income	<u>2,658,286</u>	<u>1,301,376</u>
	<u>£36,113,046</u>	<u>£30,959,563</u>

PA CONSULTING SERVICES LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****YEAR ENDED 31 DECEMBER 1992****13. Creditors**

	1992 £	1991 £
Amounts falling due within one year:		
Bank overdrafts	8,517,248	4,838,373
Trade creditors	2,993,841	3,486,948
Amounts owed to group undertakings	8,159,557	5,763,469
Current taxation	4,639,863	3,849,261
Social security and other taxes	3,562,368	5,571,008
Pension contributions	235,494	322,679
Other creditors	5,415,488	3,749,948
Accrued expenses	9,422,542	8,726,985
Amounts due under finance leases	611,214	732,318
Short term loan	1,000,000	1,000,000
	<u>£44,557,615</u>	<u>£38,040,960</u>

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

14. Creditors

	1992 £	1991 £
Amounts falling due in more than one year:		
Amounts falling due after more than one year		
Long term loans (note 18)	-	4,000,000
Finance lease creditors (note 20)	569,209	1,180,335
Other	6,000	6,000
	<u>£575,209</u>	<u>£5,186,335</u>

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1992

15. Provision for liabilities and charges

Full provision for deferred taxation has been made as follows:-

	1992 £	1991 £
Balance at 1 January 1992	151,054	886,151
Provided during the year (note 9)	<u>(151,054)</u>	<u>(735,097)</u>
Balance at 31 December 1992	<u>-</u>	<u>£151,054</u>
Represented by:		
Accelerated capital allowances	-	1,269,501
Other timing differences	<u>-</u>	<u>(1,118,447)</u>
	<u>-</u>	<u>£151,054</u>

Property provisions comprise the amount set aside in respect of certain property leases which represent losses on subletting of offices already vacated by the Company and subletting part of its presently rented office surplus to present requirements.

	1992 £	1991 £
Balance at 1 January 1992	4,402,992	-
Charge to profit and loss account	4,658,397	4,402,992
Release of property provision	<u>(2,085,161)</u>	<u>-</u>
Balance at 31 December 1992	<u>£6,976,228</u>	<u>£4,402,992</u>

16. Called-up share capital

	1992 £	1991 £
Authorised		
250,000 ordinary shares of £1 each	<u>£250,000</u>	<u>£250,000</u>
Allotted, called-up and fully paid		
200,000 ordinary shares of £1 each	<u>£200,000</u>	<u>£200,000</u>

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1992

17. Other reserves

	1992 £	1991 £
At 1 January	48,917	57,987
Exchange differences	<u>104,359</u>	<u>(9,070)</u>
At 31 December	<u>£153,276</u>	<u>£48,917</u>

18. Contingent liabilities

	1992 £	1991 £
Guarantees	3,643,008	3,038,858
Other	<u>-</u>	<u>1,430,000</u>
	<u>3,643,008</u>	<u>£4,468,858</u>

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

19. Long term loans

	1992 £	1991 £
Repayable between 1 January 1994 and 31 December 1997	<u>Nil</u>	<u>£4,000,000</u>

The amount due in 1991 was to Sundridge Park Management Centre Limited and carried interest at bank base rate.

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1992

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:

	1992 £	1991 £
Payable by 31 December 1993	611,214	732,318
Payable between 1 January 1994 and 31 December 1997	<u>569,209</u>	<u>1,180,335</u>
	<u>£1,180,423</u>	<u>£1,912,653</u>

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:-

	1992 £	1991 £
Lease of land and buildings Expiring within one year	134,232	38,950
Expiring within more than one year and less than five years	133,000	148,500
Expiring thereafter	<u>8,658,317</u>	<u>7,521,017</u>
	<u>£8,925,549</u>	<u>£7,708,467</u>
Leases of other assets		
Expiring within one year	1,229,094	623,047
Expiring within more than one year and less than five years	1,263,813	3,622,588
Expiring thereafter	<u>1,260</u>	<u>7,154</u>
	<u>£2,494,167</u>	<u>£4,252,789</u>

PA CONSULTING SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1992

22. Capital Commitments

There are no material capital commitments outstanding as at 31 December 1992 (1991 nil)

23. Ultimate parent undertaking

The directors consider that the ultimate parent undertaking, which owns 100% of the shares in PA Consulting Services Limited, is PA Holdings Limited, registered in England and Wales. The Company has been included in the consolidated accounts of the parent undertaking's accounts, copies of which can be obtained from the registered office at 123 Buckingham Palace Road, London, SW1 9SR.