Delivering exceptional results

We are an employee-owned consulting, technology and innovation firm. Our 2,500 people operate globally and are experts in a wide range of industries and services.

In 2013, we celebrated our 70th anniversary. We showed that, ever since our first assignment, we have challenged convention and pioneered new technology to deliver exceptional results.

Today, we remain ahead of our time. In this review, we bring together some of our achievements and innovations from 2013 and a selection of outstanding stories from our past. We also introduce you to some of our brilliant people and highlight their efforts to ‘give something back’.
PA REVIEW 2013
70 years and still ahead of our time
In 1943, we contributed to the production of new aircraft by training women to take on traditionally ‘male’ roles. Our assignment was to make sure that these women, who had no background or prior training in this area, could start operating highly complex, leading-edge technology as quickly as possible.

At the time, the existing consulting firms – all of which were based in the United States – relied heavily on ‘time and motion’ studies. We used these studies, but our main focus was on people and technology. We sought to improve the production process and the materials, technology and techniques in use. At the same time, we listened to the workforce, addressed their concerns and worked with them to make production more efficient. This thinking and our approach was different, insightful and ahead of its time. As a result, we ensured Britain’s new workforce could make lighter planes, in faster times.
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Non-Executive Chairman’s statement

“Everything I see in the firm and its people confirms PA’s reputation for excellence and integrity.”

MARCUS AGIUS
NON-EXECUTIVE CHAIRMAN

Let me open by saying how delighted I am to have become PA’s new chairman. Everything I see in the firm and its people confirms PA’s reputation for excellence and integrity and I have been hugely impressed by the breadth of expertise from specialists and by their evident commitment to client service. I am pleased to confirm that 2013 was a solid and assured year for PA. Our Group turnover was £427.9 million and our operating profit was £42.3 million. At the end of 2013, our share price was 730 pence, representing an increase of 16% on 2012.

Following the shareholder approval to return £76 million to shareholders, £53.9 million has been distributed to shareholders over the course of 2013 with the majority of the balance being paid out in January 2014. This action has directly resulted in PA being able to deliver more shares to our employees through performance-related pay systems and better tying their future into the firm’s ongoing success.

Leadership and management

I became Non-Executive Chairman of PA on 1 January 2014, following Jon Moynihan’s retirement as executive chairman after over 20 years leading the firm. Jon’s contribution to PA has been immense and we all owe him a great deal for the role he played in making the firm the outstanding company it is today.

My appointment came at the end of a series of changes to PA’s Board, which saw several other long-standing Board members retire. Victor Halberstadt, having served on the Board for 14 years, stepped down from his PA role at the end of 2013. At the same time, Lady Barbara Judge retired after eight years of service. And Martin Stapleton, who was with us for seven years, also retired from the Board. Our thanks go to them all for their valuable contribution over many years and we wish them well in the future.

In 2013, we welcomed Richard Wilson and Esther Dyson as new directors, joining Michael Queen, who has been with us since 2012. All bring exceptional new perspectives to PA. Richard Wilson became a non-executive director in June 2013 and is Chair of the Compensation and Succession Committee and a member of the Audit Committee. Richard led the Tech & Telecom practice worldwide for Apax Partners, and served on their Investment, Exit and Portfolio Review Committees. He has served on the boards of many companies and was chairman of the European Private Equity and Venture Capital Association 2009-10.

Esther Dyson became a non-executive director in December 2013 and is a member of the Compensation and Succession Committee. Esther is the founder of the Health Intervention Coordinating Council (HICcup) and is an independent investor in space, healthcare and IT start-ups and technologies. She is a non-executive director of 23andMe, Eventful, Meetup, Voxiva, WPP, XCOR Aerospace and Yandex. She also sits on the board of the Sunlight Foundation, was founding chairman of ICANN and is patron of the Commercial Spaceflight Federation.

2014 and beyond

I am very much looking forward to getting to know the business better and working actively alongside my new colleagues during 2014 and beyond. In the short time I have been here, it is clear to me that PA delivers excellent work for our clients, but that the PA name should be better known. I and my non-executive colleagues are looking forward to working with Alan Middleton, Andrew Hooke and the rest of the Management Committee to increase the visibility of PA within our existing and new markets.
Chief Executive Officer’s statement

“We achieved solid growth in many of our business areas through delivering excellent, often groundbreaking, innovations for our clients worldwide.”

ALAN MIDDLETON
CHIEF EXECUTIVE OFFICER

I am pleased to report that PA delivered a strong performance in 2013. We completed excellent, often groundbreaking assignments for our clients worldwide and, as a result, we have seen solid growth and continued high demand for our services in all business areas. Although the global economic climate remains challenging and unpredictable, we enter 2014 with an impressive book of business as we continue to help our clients innovate, grow and stay ahead of the competition.

We have shaped the future for seven decades

PA was established in 1943 and was the UK’s first management consultancy. Every year since then, our clients have sought out PA when they need to think differently and deliver lasting results. In all aspects of our work – from transforming the UK workforce in the early 1940s to pioneering some of today’s most exciting new technologies – our people have consistently demonstrated that we are ahead of our time. This forward-thinking approach remains the cornerstone of our success. To illustrate this, we are including examples of some of our most outstanding recent assignments throughout our Review.

We remain committed to delivering a better, brighter tomorrow

Within PA, we have grown our global consulting team, developed new training programmes and launched a state-of-the-art centre to ensure that our people remain leaders in their respective fields. We are especially proud to have opened a dedicated state-of-the-art surgical training facility at our Cambridge technology centre that provides a best-in-class environment for our clients to train surgeons and other clinical professionals from across the world.

Our commitment to environmental and social improvement has gone from strength to strength. We have been awarded the Carbon Trust Standard and we partnered with the Raspberry Pi Foundation to run a highly successful competition for schools and universities, which encouraged students to use the Pi to ‘make the world a better place’. We continued our support for Teach First, which places new graduates into secondary schools, and PA people across the globe have coached children excluded from mainstream education.

Looking forward to the next 70 years

In 2013, Jon Moynihan retired after more than 20 years with the firm. Jon was a wonderful mentor to me and our leadership team, always demanding the very best thinking from colleagues and the delivery of exceptional results for our clients and shareholders; we thank him and wish him well. We are very lucky to have Marcus Agius join us as our new non-executive chairman. Working together with our other new Board members, Esther Dyson, Michael Queen and Richard Wilson, Marcus is already assisting us to get PA’s name even better known within our chosen markets.

As ever, I thank our clients for placing their trust in us to deliver and I thank our people for always going the extra mile.
CONSULTING

We have always worked on the understanding that a consulting firm is only as good as its people. We are pragmatic, collaborative and dedicated to achieving the best results for you, no matter what it takes.

As an employee-owned firm, and one that operates as a single worldwide business, we give you ready access to all of our experts. We bring in those with specific industry and service expertise and the adaptability to blend into any firm. This gives us a deep understanding of the challenges you face and the insight and experience to ensure you succeed.
CONSULTING KEEPING THE LIGHTS ON IN TBILISI

Economic and political upheaval towards the end of the Cold War destroyed Georgia’s power networks. Many people had no electricity during winter and those that did had, on average, less than six hours’ supply. A major contributor to the crisis was the formerly state-run United Energy Distribution Company (UEDC). Mismanaged, heavily indebted and suffering from endemic corruption, UEDC was largely incapable of collecting charges or paying employees.

In 2003, we took over direct management of UEDC, assuming financial, technical and operational control. Representing the first time a consulting firm had taken executive control on such a scale, our people braved abuse, threats and physical harm to battle corruption and improve performance. As a result of our work, UEDC was able to deliver 30% more electricity to customers, meaning those paying in full could receive a 24-hour supply.
Consulting stories from 2013

Education reform

As part of a 10-year programme to reform its education system, the United Arab Emirates (UAE) wanted to introduce a new school model for all public schools. To do so, it needed the support of 1,000 principals and vice-principals, 15,000 teachers, 130,000 pupils and over 190,000 parents. We provided expert communication and change management to ensure stakeholder buy-in across these communities, contacting hundreds of thousands of people and establishing a culture of two-way communication. Our work was fundamental to the successful implementation of the new school model in all 270 public schools in the UAE.

Enabling large-scale reform.

Sustainable defence

Maintaining and replacing the UK’s submarine fleet has been – some would argue – the world’s most challenging endeavour. Each submarine costs £1 billion and is “more complex to build than a space shuttle”. Our work has supported the UK MOD to deliver this programme. It has already helped to save hundreds of millions of pounds and is on track to save £1 billion.

Saving money and assuring delivery.
World-class passenger service
As part of a $1 billion initiative, Etihad Airways chose to implement a cutting-edge passenger services and check-in system to enhance the guest experience. We worked with their team to ensure that the cutover – which involved migrating millions of passenger reservations across tens of in-house and industry systems – was completed smoothly and on time.

Delivering complexity, collaboratively and safely.

Competitive advantage
DSV Road is a division of Danish multinational freight forwarder DSV and one of the largest logistics businesses in Europe. In a €multi-million IT project – one of the largest in their history – they were planning a new system to improve co-operation across the business. We gave their top management a common understanding of their future operating model as a platform for competitive advantage and long-term growth.

Simplifying technology for future success.
Giving back and volunteering: our global charity work

Throughout 2013, our people worked with charities worldwide to support inspiring and valuable initiatives. Here are just a few examples of the difference we made.

Giving the Rhema Partnership the marketing tools to raise more money for disadvantaged people in India

At the Rhema Garden, a community in South India, the Rhema Partnership supports a hostel for disadvantaged children, a school for people with special needs, a medical centre, a bible college and a ministry. They focus on training local people to serve the community and ensure each of their facilities is designed, set up and run entirely by community residents. Last year, a team from PA worked with the charity to help them develop a new logo, a video about their work and a marketing and communications strategy for 2014. By keeping operating costs low, our contribution is helping ensure that 95% of the Rhema Partnership’s donations continue to go directly to those in need.

“It was a great privilege and pleasure to work with the PA team. They were excellent at listening and quickly grasped the essence of our small organisation – how we are structured, our core aims, our strengths and our limitations. I was very struck by the creative way the team delivered the tasks. I spent a lot of my time answering questions about the organisation and was very impressed by the precision and incisive nature of the questions asked.”

RICHARD LLOYD
CEO AND FOUNDER, THE RHEMA PARTNERSHIP
We are giving charities and social enterprises the skills they need to secure funding

Every year, we offer a number of charities one-on-one support to develop their funding applications. Many charities and social enterprises do not have extensive experience of writing a funding proposal, so our consultants coach them on how to get their message across and ‘sell’ their ideas effectively. In 2013, our people worked with 25 charities to prepare their funding applications.

The organisations that attended our proposal clinics focused on a diverse range of initiatives, from tackling gang culture to improving educational opportunities for underprivileged children, through to helping members of the armed forces combat depression. Following much positive feedback from participants, we are running our proposal clinics again in 2014.

“PA’s input has enhanced our ability to write successful funding applications, helped us to think strategically about preparations for large events and assisted in drafting and editing our annual report. In an increasingly competitive and professional third sector, PA’s reliable support has been of great value to our organisation.”

JACK HARRISON
SPORTS DEVELOPMENT CO-ORDINATOR, CALTHORPE PROJECT

Teach First – breaking down barriers to education

Since 2002, Teach First has placed over 3,700 teachers in UK schools to work with disadvantaged students and drive up the achievement of the next generation. They have taught and inspired over 400,000 young people from some of the most difficult backgrounds.

Throughout 2013, our people supported Teach First in improving their strategic planning and decision-making capability. In particular, a team of PA consultants worked directly with Teach First leaders to develop a revised strategic planning cycle and decision-making framework, which together will help to improve the overall effectiveness of the organisation. We also provided expert advice on culture, governance and structure.

“Teach First received invaluable support from PA volunteers to evaluate and redesign our current organisational planning cycle. PA demonstrated a genuine commitment to collaboration with Teach First, to ensure we achieved a positive outcome, and addressed a key operational priority. PA has also been a source of sound external advice on a number of issues, such as the development of our IT strategy. As an education charity, this support will make a real difference to our ability to achieve our ambitious goal of changing the lives of young people in low-income communities in the UK. Thank you for all you have done.”

JOHN COLENUTT
CHIEF OPERATING OFFICER, TEACH FIRST
TECHNOLOGY

Our technology capability sets us apart from our competitors and ensures that innovation is at the heart of everything we do.

At our dedicated technology centres, we disrupt markets by creating groundbreaking new products and technologies. We draw on our industry insight and consulting capability to develop the technical solutions you need to grow and stay ahead of the competition.

Our work in IT focuses on helping organisations adapt to, and benefit from, digital disruption. We work with you to align your IT with business strategy and use digital solutions and intelligence to drive innovation and growth.
In the 1970s, when digital telephony was still in its infancy, we developed the first private digital exchange, the Polygon, for the Great Northern Telegraph Company in Denmark. Each exchange had a total capacity of 128 internal and 128 external lines, and a traffic capacity of 14 simultaneous conversations.
Technology stories from 2013

The connected patch
As our expectations of healthcare systems continue to grow, people increasingly seek the continuous provision of care through 'connected' technologies. To enable healthcare providers to offer such a service, we invented an unobtrusive body-worn sensor that monitors patients’ critical health indicators and can check whether they have taken their medication. The information is sent securely to a physician or caregiver, enabling reliable remote monitoring, better-quality care and reduced costs. Our patch is no bigger than an Elastoplast and can be manufactured for 30p per unit, at speeds matching the fastest mobile-phone production lines.

Enhancing the carer-patient relationship.

Defending against cybercrime
While the internet is critical to UK economic growth, cybercrime costs the country billions of pounds each year. In response, the government published its National Cyber Security Strategy, which identified the actions it would take to fight cybercrime. It also set aside £860 million for delivery. Since then, we have worked with a lead government department to provide business design, systems engineering and sourcing advice. We have helped enable security in cyberspace, protect our way of life and deliver economic growth.

Safeguarding national interests online.
Delivering home healthcare

On any given day, the Visiting Nurse Service of New York (VNSNY), the United States’s largest not-for-profit home- and community-based healthcare organisation, has more than 65,000 patients and health plan members under direct and co-ordinated care. As they transform their business to align with the opportunities presented by the Affordable Care Act, we have been working with them to design and implement a major upgrade to their IT infrastructure and core applications. This will enable VNSNY to achieve their vision of being the most significant, best-in-class not-for-profit community-based healthcare system, providing superior care co-ordination and healthcare services to vulnerable populations across a broad regional footprint.

Working side by side to improve healthcare in New York.

“Never knowingly undersold”

As one of the largest IT programmes in their history, John Lewis wanted to launch a new e-commerce platform that would generate a larger turnover than any of their individual stores. In the last six months of this two-and-a-half-year programme, they needed to accelerate activity to ensure the launch took place on time. We became part of John Lewis’s online IT and business teams to help manage third parties, connect work-streams and lead the execution of the go-live event and the migration of customers to the new platform. We helped John Lewis achieve a £1 billion online target ahead of schedule and online sales that are around 30% of total revenues.

Driving commercial success through world-class IT.

The genuine article

Up to 10% of all technology products are counterfeit. Every year, over $200 billion of international trade is lost through piracy and people selling fake goods. In response, we have created a new kind of QR code so consumers can confirm the authenticity of commonly counterfeited items such as luxury goods, pharmaceuticals and tickets. As the code changes continuously, with each incarnation only valid for a specific time frame, it is virtually impossible to copy. When consumers receive their product, they can scan the attached code through their smartphone to verify authenticity.

Innovating bold new solutions from existing technology.
Nurturing the next generation of technology experts

The UK has seen a significant fall in the number of young people applying to study core science, technology, engineering and mathematics (STEM) subjects. As a technology and innovation firm, we are passionate about unlocking growth in these areas by supporting the next generation of skilled coders, developers and engineers. It was with this ambition that we launched the first PA Raspberry Pi competition in 2013, which challenged teams of schoolchildren across the UK to use the low-cost credit-card-size computer to ‘make the world a better place’.

We were delighted by the number of entries we received, from children as young as eight, who had put their programming skills to the test to create some truly exciting innovations. In March last year, the finalists gathered at our Cambridge technology centre for the awards ceremony, where they presented their inventions to a panel of expert judges.

Following the huge success of the 2013 PA Raspberry Pi competition, we are delighted to be running the competition again this year. The rules of the competition remain broadly the same, but for 2014 we have given the participants a more specific challenge – to use the Pi to help the environment.

“While the Chancellor was delivering his Budget, I was in a room near Cambridge full of young people who may be part of the answer to Britain’s economic future.”

RORY CELLAN-JONES
BBC TECHNOLOGY CORRESPONDENT AND PA RASPBERRY PI COMPETITION JUDGE
The winning entries from 2013

A system that enables elderly or disabled people to answer the door remotely.

Using the system, the resident can communicate with the person waiting at the door to verify their identity and then unlock the door without needing to get up.

An automated pill dispenser to make managing medicine easier.

The Raspberry Pi connects the pill dispenser to the patient's GP, who controls the administration of drugs through a website. Correct dosages then drop out of the Raspberry Pi-controlled pill dispenser at specified times.

A weather surveillance device that uses the Raspberry Pi to monitor air quality.

The Pi takes in information about air quality through attached sensors and uploads it directly to the internet, where it can be viewed on a smartphone or tablet. Following the competition, PA technology experts have been working to develop the concept further and bring an improved version of the device to market.

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“IT is the only subject in the school to show continuous progression and this is purely down to the fine work the PA mentors have put in. The energy and enthusiasm they show towards the session each week is truly incredible and admirable.”

NICK PREMPEH
TEACHER AT WESTSIDE SCHOOL

Westside School – helping students get back on track

Westside School in London is a specialist school dedicated to helping students who have been excluded from mainstream education. Many come from families coping with personal crises, or find it difficult to cope with mainstream education.

The school’s ethos is to focus on the individual and provide a small, nurturing and academically rigorous environment where each student can get back on track and make the most of a fresh start in education.

In 2013, a team of our consultants regularly coached and mentored Westside students. We gave them the support they need to achieve decent qualifications in valuable subjects, such as IT, which will help them find gainful employment when they leave school. Our people also acted as positive role models for the students, by showing them what they can achieve in a career in engineering and technology if they work hard and have the right attitude. The mentoring programme has been highly successful and the PA team will continue to coach Westside students in 2014.
INNOVATION

Since our firm began, our people have thought differently to provide original and groundbreaking solutions to the toughest challenges in business and government. Our background in technology and applied problem solving is reflected in the innovative thinking and approach we bring to all of our client work. Our breadth and depth of experience gives us the confidence to challenge convention.

We disrupt industries, whether delivering an unthought-of innovation within a critical time frame, creating an entirely new manufacturing process or helping entire sectors rethink established protocol. By ‘moving the goalposts’, our brilliant thinking enables you to stay ahead of the market.
In the 1980s, we designed and launched the Keeler ‘Pulsair’, a new tonometer to prevent blindness by detecting diseases such as glaucoma early. This portable, hand-held device is still in use today and allows ophthalmologists to test intraocular pressure (IOP) – a key indicator of glaucoma – with a gentle puff of air. Our technology ensures that this is a pain-free process for the patient.
Innovation stories from 2013

The intelligent hotel
As people converse on social media, they frequently reveal their intent to buy. We use social intelligence to analyse billions of online conversations and predict how consumers and markets will behave in the future. For a major hotel chain, we predicted the number of their rooms that would be occupied three months in advance. We achieved a 98% accuracy rate, even though the industry standard for predicting occupancy is 21 days. By drawing on this intelligence, the hotel chain could adapt their pricing and promotional activity to secure a greater share of the market, boosting annual sales by £200 million.

Predicting and influencing consumer behaviour.

A submarine from thin air
The US Navy is the largest in the world, with larger battle-fleet tonnage than the next 13 navies combined. They are, however, in a position where they do not have enough submarines to support their stated fleet requirements. With defence budgets constrained, and each new boat costing billions of dollars, buying more is not an option. Extending submarine lifespan is one way to solve this problem. We used dynamic simulation to identify a set of policy, design and maintenance changes that enabled a submarine to be deployed for six months beyond its 33-year lifetime. If this approach is taken with the Navy’s other affected submarines, the extended deployment time removes the need to purchase an additional submarine worth at least $2 billion, at negligible cost.

Resolving complex problems through innovative thinking.
Customisation on a global scale

A global consumer healthcare company wanted to increase the variety of items they produced for one of their leading brands. As their factories focused on large-scale batch manufacture, this was impossible without significant cost. We developed a new concept to enable customisation. Our solution was to make base materials in bulk using existing capital and to customise the product before packing using an in-line mixing and dosing system that allowed for different flavours and colours. The final model – completed in just 18 months – enabled bulk production and tailoring to meet market demand in real time. Our work helped the business introduce new products while reducing business risk, customise products cost-effectively and meet current and future customer demand.

*Reinventing manufacturing to create new growth.*

Smarter energy

British Gas has a key objective to roll out smart meters across the UK, saving £11.2 billion for households and businesses. In 2013, Landis+Gyr (a key supplier to British Gas) won their first contract to provide 10 million meters. In just seven months, at our technology and innovation centre in Cambridge, we developed the ecoMeter to underpin the national rollout.

*Innovative, user-friendly and delivered fast.*

Fighting financial crime

Every year, $1.6 trillion is laundered globally. The banking industry faces multibillion-dollar fines for not having sufficient anti-money laundering (AML) controls in place. PA’s experts are working with major banks to upgrade their AML capability and improve the monitoring of tens of millions of transactions daily.

*Our centre of excellence ensures banks meet increasingly strict ‘know your customer’ requirements.*
Focusing on people and the planet

The Population Council conducts research to address difficult issues facing people in the developing world – from stopping the spread of HIV and improving reproductive health to ensuring that youth lead full and productive lives. Through biomedical, social science and public health research in more than 50 countries, the organisation works with partners to deliver solutions that lead to more effective policies, programmes and technologies that improve lives worldwide.

Due to their politically sensitive work in the regions in which they operate, the Population Council must take steps to identify and mitigate the risks facing their people. We worked with their leaders to assess risks across eight categories as well as develop and implement a customised, robust approach to risk management that will help to ensure the council can continue to carry out their critical research and development work. In particular, we educated key stakeholders about enterprise risk management, collaborated on creative ways to improve organisation-wide recognition of risk and implemented a customised risk-management structure. We have helped the Population Council undertake their pioneering research with greater confidence that they are safeguarded against potentially serious threats.

“Together we moved the ball far forward on risk management for the Population Council.”

PETER DONALDSON
PRESIDENT, POPULATION COUNCIL
In 2013, we made significant strides to become a greener business, and we continue to explore new solutions to reduce our environmental impact year-on-year. Our clients – and our people – expect nothing less.

ANNABEL GRAY
PA REAL ESTATE AND ENVIRONMENT

Innovating to improve our environmental standards

Throughout 2013, we continued to improve our green credentials and achieved a number of milestones around reducing our environmental impact. In January, we were awarded the Carbon Trust Standard in the UK after making an absolute reduction of 16.8% in our carbon footprint. PA received a score of 95% in the qualitative assessment of carbon policies and practices, which is the joint highest score ever awarded by the Carbon Trust. We also achieved ISO 14001, the international standard for an environmental management system, at all PA-owned offices in the UK.

At our Cambridge technology centre, we have put in place a series of innovative energy-saving initiatives as part of our energy partnership scheme with British Gas and Centrica. To date, the four initiatives – transformer tap down, boiler optimisation, building management system strategy upgrade and solar photovoltaics – have reduced carbon emissions by approximately 900 tonnes. We are now looking at several new approaches to further reduce carbon emissions at our Melbourn office, including installing LED lighting, lowering the temperature in our server rooms and implementing a temperature operation policy.

As a business, one of the simplest ways we can reduce our environmental impact is by continuing to digitise more aspects of our operations and move away from printed materials. In 2013, we have made strides towards becoming a fully ‘digital’ business, including transitioning all of our core publications and documents to a digital format.

On the travel front, we have continued to reduce our business travel and associated emissions. This has been supported by the introduction of two dedicated state-of-the-art videoconferencing suites in our offices. Overall, we have reduced the related CO₂ emissions for each employee to the equivalent of an annual return flight to New York. We will take steps to lower this even further in 2014.

We also offer a plan that promotes greener transport and healthier living by giving our UK people a tax-saving incentive to buy a new bike. Furthermore, our car plan scheme encourages employees to choose new cars with emissions below 160g/km of CO₂ by allowing them to save on VAT costs for these vehicles. To support the car plan and to encourage our people to choose electric cars, we installed an electric charging point at our Melbourn office in addition to the 12 electric charge points we already have at our Copenhagen office.

“In 2013, we made significant strides to become a greener business, and we continue to explore new solutions to reduce our environmental impact year-on-year. Our clients – and our people – expect nothing less.”

ANNABEL GRAY
PA REAL ESTATE AND ENVIRONMENT
CONSULTING
INTRODUCING A NEW AIR
TRAFFIC MANAGEMENT SYSTEM
FOR AN ENTIRE NATION

To accommodate a rise in air traffic in the early years of the 21st century, we put in place a new and improved air traffic management system for Naviair, the Danish air navigation services provider. We gave wide-ranging support to manage the 50 individual projects that made up the programme, which also included the development of a new control centre and control tower.
ACHIEVING EXCEPTIONAL RESULTS

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The year 2013 in numbers

<table>
<thead>
<tr>
<th>Turnover</th>
<th>£427.9 million</th>
<th>(2012: £365.9 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group operating profit</td>
<td>£42.3 million</td>
<td>(2012: £38.6 million)</td>
</tr>
<tr>
<td>Share price</td>
<td>730 pence</td>
<td>(2012: 627 pence)</td>
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</table>

Our strategy continues to deliver growth in fee income and scale in our consultancy business while maintaining a tightly controlled cost base, increasing operating profit by 9% in the year to £42.3 million, and our consulting headcount by 9% over the period.

**Turnover of £427.9 million**

(2012: £365.9 million)

Group turnover increased by 17% to £427.9 million in 2013 (2012: £365.9 million).

Fee income has increased by 6% to £337.4 million in 2013 (2012: £317.2 million), driven by growth of 10% in UK fee income to £234.9 million, along with growth in the USA and Asia Pacific of 8% and 17% respectively.

**Personnel and direct costs of £342.6 million**

(2012: £285.3 million)

Personnel and direct costs, excluding bonus, were £300.8 million (2012: £242.7 million).

Direct costs and expenses (driven by client jobs worked in the year) increased by £42.1 million to £90.9 million (2012: £48.8 million), the majority of which are recharged to clients and included in turnover.

Consultant personnel costs were £173.6 million in 2013 (2012: £159.5 million), an increase of 9% as a result of targeted consultant headcount growth of 9% to 1,791 (2012: 1,645).

**Administrative expenses of £42.3 million**

(2012: £41.4 million)

Total administrative expenses have increased by 2% compared to 2012, mainly due to ongoing investment in our internal business software and our cyber-security software offering.

**Group operating profit of £42.3 million**

(2012: £38.6 million)

Group operating profit has increased by £3.7 million (9%) to £42.3 million in 2013. This has been driven primarily from improved trading performance in 2013 – our operating profit margin on our fee income has increased to 12.5% from 12.2%.

**Net assets of £114.9 million**

(2012: £98.1 million)

Net assets have increased by £16.8 million during the year as the profit for the year of £34.5 million has been offset by:

- an actuarial loss of £19.1 million on the defined benefit pension arrangements of the Group (2012: actuarial gain of £4.5 million). This loss does not have a direct cash impact on the Group
- the gain on net purchases of PA shares and options of £1.8 million (2012: loss of £14.2 million) by the PA 2004 ESOP in settling the March and September internal share dealing markets.

**Share price of 730 pence**

(2012: 627 pence)

The share price has increased by 103 pence over the year, an increase of 16% (2012: 14%).
# Group profit and loss account

for the year ended 31 December 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>2013</th>
<th>2012</th>
<th>Total</th>
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<td></td>
<td>£’000</td>
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<tr>
<td><strong>Turnover</strong></td>
<td></td>
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<tr>
<td>Fee income</td>
<td>337,418</td>
<td>317,154</td>
<td>337,418</td>
<td>317,154</td>
</tr>
<tr>
<td>Project costs recharged</td>
<td>90,443</td>
<td>48,789</td>
<td>90,443</td>
<td>48,789</td>
</tr>
<tr>
<td><strong>Group turnover</strong></td>
<td>427,861</td>
<td>365,943</td>
<td>427,861</td>
<td>365,943</td>
</tr>
<tr>
<td>Personnel and direct costs</td>
<td>(342,615)</td>
<td>(285,304)</td>
<td>(342,615)</td>
<td>(285,304)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>85,246</td>
<td>80,639</td>
<td>85,246</td>
<td>80,639</td>
</tr>
<tr>
<td>Goodwill amortisation</td>
<td>(2,945)</td>
<td>(3,321)</td>
<td>(2,945)</td>
<td>(3,321)</td>
</tr>
<tr>
<td>Other administrative expenses</td>
<td>(42,283)</td>
<td>(41,439)</td>
<td>(42,283)</td>
<td>(41,439)</td>
</tr>
<tr>
<td>Other operating income</td>
<td>2,236</td>
<td>2,741</td>
<td>2,236</td>
<td>2,741</td>
</tr>
<tr>
<td><strong>Group operating profit</strong></td>
<td>42,254</td>
<td>38,620</td>
<td>42,254</td>
<td>38,620</td>
</tr>
<tr>
<td>Net interest receivable and similar items</td>
<td>1,368</td>
<td>1,811</td>
<td>1,368</td>
<td>1,811</td>
</tr>
<tr>
<td>Other finance income</td>
<td>3,910</td>
<td>1,270</td>
<td>3,910</td>
<td>1,270</td>
</tr>
<tr>
<td><strong>Profit on ordinary activities before taxation</strong></td>
<td>47,532</td>
<td>41,701</td>
<td>47,532</td>
<td>41,701</td>
</tr>
<tr>
<td>Taxation</td>
<td>(13,003)</td>
<td>(9,066)</td>
<td>(13,003)</td>
<td>(9,066)</td>
</tr>
<tr>
<td><strong>Profit for the financial year</strong></td>
<td>34,529</td>
<td>32,635</td>
<td>34,529</td>
<td>32,635</td>
</tr>
</tbody>
</table>
## Group balance sheet

at 31 December 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>11</td>
<td>16,393</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>12</td>
<td>15,782</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>32,175</strong></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors: amounts falling due within one year</td>
<td>14</td>
<td>78,142</td>
</tr>
<tr>
<td>Debtors: amounts falling due after more than one year</td>
<td>15</td>
<td>32,122</td>
</tr>
<tr>
<td>Current asset investments</td>
<td>16</td>
<td>79,191</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>16</td>
<td>71,919</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>261,374</strong></td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>17</td>
<td>(119,037)</td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td></td>
<td><strong>142,337</strong></td>
</tr>
<tr>
<td><strong>Total assets less current liabilities</strong></td>
<td></td>
<td><strong>174,512</strong></td>
</tr>
<tr>
<td>Creditors: amounts falling due after more than one year</td>
<td>18</td>
<td>(27,221)</td>
</tr>
<tr>
<td>Provisions for liabilities</td>
<td>20</td>
<td>(4,510)</td>
</tr>
<tr>
<td><strong>Net assets excluding net pension liabilities</strong></td>
<td></td>
<td><strong>142,781</strong></td>
</tr>
<tr>
<td>Defined benefit pension arrangements with net liabilities</td>
<td>26b</td>
<td>(27,909)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td><strong>114,872</strong></td>
</tr>
</tbody>
</table>

### Capital and reserves

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Called-up share capital</td>
<td>21, 23</td>
<td>2,492</td>
</tr>
<tr>
<td>Other reserves</td>
<td>23</td>
<td>36,098</td>
</tr>
<tr>
<td>Profit and loss reserve</td>
<td>23</td>
<td>76,282</td>
</tr>
<tr>
<td><strong>Shareholders’ funds</strong></td>
<td>23</td>
<td><strong>114,872</strong></td>
</tr>
</tbody>
</table>

The financial statements were approved and authorised for issue by the Board of directors on 7 March 2014.

Alan Middleton  
Director  
PA Consulting Group Limited  
Registered number 08249452
In 2011, we helped Catholic Health Initiatives (CHI) design the first national virtual health system to deliver quality care more efficiently across 19 US states. This integrated portfolio of telecare services will improve the quality and accessibility of patient care. The efficiencies and scalability of the enterprise-wide platform will also enable CHI to increase their national footprint in a co-ordinated and robust manner.
Who we are and what we do

An employee-owned consulting, technology and innovation firm, we have been working with business and government for over 70 years to anticipate, understand and meet the challenges they face.

Our 2,500 people are experts in a wide range of industries and we bring in specialists from across our firm to ensure our clients receive the best service. Our specific expertise is in energy, financial services, life sciences and healthcare, manufacturing, government and public services, defence and security, telecommunications, transport and logistics.

We operate globally from our principal offices in Europe, the Nordics, North America, the Gulf and Asia Pacific.

How we do it

We organise our business around our clients and the services we offer.

We deliver complex and highly innovative assignments and have technology development capabilities that our competitors cannot match. At the same time, we possess deep expertise across key industries and government.

Our breadth of skills spans the initial generation of ideas and insights through to the creation and implementation of change.

How we create value

We create value for our clients, shareholders and other stakeholders by deploying our resources to supply high quality services and differentiated products. In turn, this helps us grow our market share.

We have brilliant people and teams that are required to act ethically at all times. Our reward and share ownership structure ensures the interests of our people are aligned with the long-term growth of our firm. We aim to maintain a high performing organisation that can attract, develop and retain the next generation of leaders. We do this by being entrepreneurial and creating a culture of personal ownership.