

## **PRGX UK Ltd**

Company number: 01478123

Report and Financial Statements

Year ended 31 December 2019

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# **PRGX UK LTD**

## **Report and financial statements for the year ended 31 December 2019**

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### **Director**

R Stewart

### **Secretary**

T Field

### **Registered office**

731 Capability Green, Luton, Bedfordshire LU1 3LU

### **Company number**

01478123

### **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

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# **PRGX UK LTD**

## **Strategic Report for the year ended 31 December 2019**

The director presents his strategic report together with the audited financial statements for the year ended 31 December 2019.

### **Principal activities**

PRGX UK Ltd ("PRGX" or the "Company") specialises in providing recovery audit, source-to-pay performance improvement, contract compliance and risk management services to clients in transaction intensive industries such as retail, manufacturing and oil & gas.

### **Trading review**

Turnover for the year decreased by £0.5m (2%) to £21.1m (2018: £21.6m). Gross profit has increased by £0.4m (0.4%) to £10.1m (2018: £9.7m). The Company reported an operating profit for the year of £2.6m (2018: £2.8m). The director considers turnover, gross profit and operating profit to be the key performance indicators.

Net assets as at the balance sheet date are £8.6m (2018: £6.4m). The Company has net current assets of £5.8m (2018: net current assets of £2.9m), which includes £1.4m of cash at bank. As part of a group, the Company can borrow from other group companies as required on a short-term basis. The Company reviews its cashflow on a regular basis to ensure it can meet its cash requirements.

The decrease in turnover in 2019 was primarily due to a reduction in revenue across the portfolio of customers, that could not be offset by additional revenue generated from existing clients. This was mitigated through cost savings to ensure a minimal impact on gross profit. The Company's operating result decreased principally as a result of the decrease in revenue, offset by cost savings and adverse exchange rate movements which resulted in a net gain for the year of £0.9m (2018: net loss of £0.9m).

The CIPS Sustainability Index platform was discontinued on 30<sup>th</sup> June 2019. During 2019 the Company recognised revenue of £0.1m from scores published on the platform.

The Company continues to pursue its ongoing growth strategy to expand its recovery audit services business to enterprises other than retailers and to increase the supply of adjacent services to both existing audit clients and new clients. In line with its focus on delivering value and operating efficiently, the Company has identified and is executing on these near-term initiatives:

1. Continue to focus on consistent delivery excellence through standard processes, methodologies and tools;
2. Accelerate the implementation of a global shared service delivery model centred on regional and global shared service centres;
3. Leverage state of the market technologies to drive faster processing and deeper analytics with the massive amount of data received from clients. Technologies enabling large data manipulation and unstructured data analysis are evolving at a very rapid rate. The Company plans to remain at the forefront of these technologies and maintain the most secure and trusted infrastructure environment in its industry.

### **Future developments**

The Company plans to achieve revenue growth and higher profitability through the following strategy:

1. Grow and improve its core recovery audit business by introducing innovative concepts and audit processes including rolling out enhanced audit tools;
2. Differentiate its service offerings and capabilities through meaningful and sustainable innovation such as audit acceleration and global audit best practice programs;
3. Create adjacent service offerings including Software as a Service ("SaaS") solutions; and
4. Expand into new high potential industries and geographies.

## **PRGX UK LTD**

### **Strategic Report for the year ended 31 December 2019 (continued)**

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#### **Principal risks and uncertainties**

##### *Technology and Intellectual property rights*

The Company's operations could be materially and adversely affected if it is not able to protect its proprietary software, audit techniques and methodologies, and other proprietary intellectual property rights. It relies on a combination of trade secret and copyright laws, nondisclosure and other contractual arrangements and technical measures to protect its proprietary rights. Additionally, to protect its confidential and trade secret information, the Company generally enters into nondisclosure agreements with its employees, consultants, clients and potential clients. The Company also limits access to, and distribution of, its proprietary information.

##### *Data Security risk*

The Company receives processes, stores and transmits, often electronically, the confidential data of clients and others. Unauthorized access to its computer systems or stored data could result in the theft or improper disclosure of confidential information, the deletion or modification of records or could cause interruptions in its operations. Despite implemented security measures, its facilities, systems and procedures may be vulnerable to security breaches, acts of vandalism, software viruses, misplaced or lost data, programming and/or human errors or other similar events which may disrupt the delivery of services or expose the confidential information of clients and others.

##### *Operational risk*

An interruption of data processing services caused by damage or destruction of the Company's facilities or a failure of its data processing equipment could result in a loss of clients, difficulties in obtaining new clients and a reduction in revenue. In addition, it also may be liable to third parties or clients because of such interruption. These risks would increase with longer service interruptions. Despite any disaster recovery and business continuity plans and precautions the Company has implemented (including insurance) to protect against the effects of service delivery interruptions, such interruptions could result in a material adverse effect on its business, results of operations and financial condition.

##### *Economic risk*

Economic conditions which have impacted the UK retail industry may have a negative impact on the Company's revenues. Since the Company generally audits its clients' purchases several years in arrears, it cannot easily determine if the full impact of changes in economic conditions on its business and revenues has been experienced. Revenues continue to be impacted either positively or adversely by the general retail environment.

##### *Competition risk*

The recovery audit business is highly competitive, with other recovery audit firms and other providers of recovery audit services. In addition, many of the Company's clients have developed their own internal recovery audit capabilities. As a result of competition among the providers of recovery audit services and the availability of certain recovery audit services from clients' internal audit departments, the Company's recovery audit services business is subject to price pressure. Such price pressure could cause profit margins to decline and have a material adverse effect on its business, financial condition, and results of operations.

## PRGX UK LTD

### Strategic Report for the year ended 31 December 2019 (continued)

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#### *Financial instruments*

The Board regularly reviews the Company's financial requirements and associated risks. Company operations are financed from operating cashflows. The Company has a positive cash balance of £1.4m (2018: £1.1m), no overdraft at the year end and did not utilise any such facility during the year. The Company does not use complicated or derivative financial instruments for trading purposes. Additional working capital support can be provided by the parent company as necessary.

The Company's exchange rate exposure arises principally from balances with overseas group companies including its US parent which are denominated in foreign currency. The Company does not use forward exchange contracts to reduce its exposure to the uncertainty of exchange rate movements.

#### *Exit of the United Kingdom from the European Union*

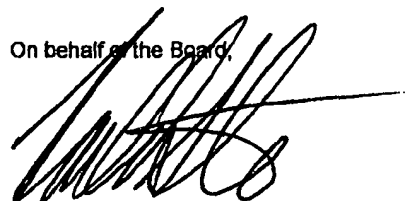
Following the decision of the United Kingdom to exit from the European Union as a result of the referendum of 23 June 2016 ("Brexit"), there is considerable uncertainty as regards impact that this will have on the UK economy, regulations, exchange rate and generally on UK companies. The Board regularly reviews government reporting on the progress of Brexit negotiations and will continue to evaluate and seek to minimise the risks for the Company.

#### *Covid-19 Global Pandemic*

Covid-19 has also emerged as a risk factor in early 2020. While it is early and the situation continues to develop, the Company's strong Retail customer base, the recurring nature of our revenue and strong balance sheet provide us with a stable base with which to face this challenge. The director will continue to monitor the situation frequently in order to assess any potential impact to the Company.

The outbreak has resulted in governments across the world imposing restrictions on people and businesses. The Company's staff have been able to adapt to working from home in all regions, and we will continue to monitor and respond to the developments in each of the regions in which we operate.

On behalf of the Board,



**Ronald Stewart**  
Director

Date: 7 December 2020

## **PRGX UK LTD**

### **Report of the director for the year ended 31 December 2019**

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The director presents his report together with the audited financial statements for the year ended 31 December 2019.

#### **Results and dividends**

The statement of comprehensive income is set out on page 10 and shows a profit after tax for the year of £2.0m (2018: £3.1m). The director does not recommend the payment of a dividend (2018: nil). The future developments, financial risk management and the principal risks and uncertainties that are relevant to the Company's business are considered within the Strategic report.

#### **Branches outside the UK**

The Company operates a branch in the Republic of Ireland and the results for the branch are included within the Company's profit for the year.

#### **Employee Involvement**

The Company regards employee involvement and effective communication as being essential to foster good employee relations, to enhance the quality of working life, and to gain commitment to the Company's business objectives. Consultation with employees has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units, the Company and the group as a whole. Communication with all employees continues through webcasts and other forums to inform employees and allow for feedback and questions on Company performance and plans.

#### **Employment of disabled persons**

The Company is committed to a policy of recruitment and promotion based on aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

#### **Political donations and political expenditure**

The Company neither made political donations nor incurred political expenditure during either the current or prior year.

#### **Directors**

The sole director of the Company during the year and subsequently was Ronald Stewart.

#### **Director's responsibilities**

The director is responsible for preparing the strategic report, the report of the director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

## **PRGX UK LTD**

### **Report of the director for the year ended 31 December 2019 (continued)**

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In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is 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.

#### **Post balance sheet events**

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide.

The director has considered the Covid-19 Outbreak, its potential impact on the Company's future cash flows and its ability to continue to operate, as further explained in the Going Concern assessment.

#### **Going concern**

The Company's business activities, together with factors likely to affect its future development, financial position, performance and working capital are set out in the trading review section of the strategic report on page 1. In addition, the Company's financial risk management policies and its exposures to currency, price and liquidity risk are discussed in the principal risks and uncertainties section of the strategic report.

The Company has net current assets of £5.8m, including a net debt owed to group companies of £2.9m. In addition, the Company has been given a letter of support from its parent company valid for one year from the date of signature of these accounts.

The Company has also specifically considered the impact of the Covid-19 crisis on its ability to continue as a going concern. It has considered the recurring nature of the Company's revenue from its existing customers and expected service revenues therefrom, alongside its current pipeline of new sales opportunities. It has considered the strength of its existing and targeted customer base and the impact of restrictions on their ability to continue to operate during at least the next twelve months. It has considered the potential impact on its key suppliers and has not experienced any significant impact on availability of services. The Company's employees have adapted well to working from home where required. The Director has revisited the Company's forecasts to 31 December 2021, to consider a range of scenarios, based on experience to date during the restrictions, and all reasonably possible scenarios enabled the Company's operations to continue to be funded from existing cash reserves and parent company support, for at least twelve months from the date of signing these financial statements. The Director therefore concluded that no material uncertainty over the Company's going concern basis of accounting exists as at the date of signing the financial statements.

As such, after careful consideration, the director considers that it remains appropriate to prepare the accounts on a going concern basis.

## PRGX UK LTD

### Report of the director for the year ended 31 December 2019 (*continued*)

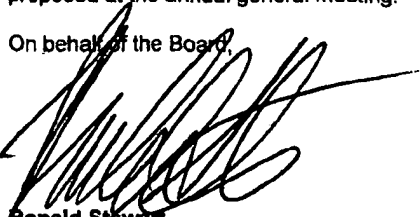
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#### Auditors

The director has taken all the steps that he ought to have taken to make himself aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board,



Ronald Stewart  
Director

Date: 7 December 2020

## **PRGX UK LTD**

### **Independent auditor's report**

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#### **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF PRGX UK LTD**

##### **Opinion**

We have audited the financial statements of PRGX UK Ltd ("the Company") for the year ended 31 December 2019 which comprise the Statement of comprehensive income, the Statement of financial position and the Statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

##### **In our opinion the financial statements:**

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

##### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **PRGX UK LTD**

### **Independent auditor's report (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Directors**

As explained more fully in the Report of the director, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# PRGX UK LTD

## Independent auditor's report (*continued*)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Diane Campbell (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
9 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## PRGX UK LTD

### Statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	5	21,084,832	21,559,667
Cost of Sales		(11,022,201)	(11,897,539)
<b>Gross Profit</b>		<b>10,062,631</b>	<b>9,662,128</b>
Administrative expenses		(8,088,659)	(7,741,338)
Other Operating Income		579,968	712,876
<b>Operating profit</b>	6	<b>2,553,940</b>	<b>2,633,666</b>
<b>Profit before interest payable and taxation</b>		<b>2,553,940</b>	<b>2,633,666</b>
Interest payable and similar charges	7	(58,192)	(171,218)
<b>Profit on ordinary activities before taxation</b>		<b>2,495,748</b>	<b>2,462,448</b>
Taxation on profit on ordinary activities	11	(510,608)	647,545
<b>Total comprehensive profit for the year</b>		<b>1,985,140</b>	<b>3,109,993</b>

All amounts relate to continuing activities.

The notes on pages 13 to 29 form part of these financial statements.

# PRGX UK LTD

## Statement of financial position at 31 December 2019

Company number 01478123	Note	2019 £	2018 £
<b>Fixed Assets</b>			
Intangible Assets	12	2,821,727	3,219,923
Tangible Assets	14	554,820	665,993
		<b>3,376,547</b>	<b>3,885,916</b>
<b>Current Assets</b>			
Debtors	15	18,647,972	17,853,186
Cash at bank and in hand		1,360,211	1,119,108
		<b>20,008,183</b>	<b>18,972,294</b>
Creditors: amounts falling due within one year	16	(14,199,020)	(16,087,804)
<b>Net current assets / (liabilities)</b>		<b>5,809,163</b>	<b>2,884,490</b>
<b>Total assets less current liabilities</b>		<b>9,185,710</b>	<b>6,770,406</b>
Provision for liabilities	17	(586,528)	(338,418)
<b>Net assets</b>		<b>8,599,182</b>	<b>6,431,988</b>
<b>Capital and reserves</b>			
Called up share capital	18	210	210
Share Premium		17,609,646	17,609,646
Capital contribution reserve		8,256,335	8,256,335
Profit and loss account		(17,267,009)	(19,434,203)
<b>Shareholders' funds</b>		<b>8,599,182</b>	<b>6,431,988</b>

The financial statements were approved by the director and authorised for issue on 17 December 2020.

  
Ronald Stewart  
Director

The notes on pages 13 to 29 form part of these financial statements.

# PRGX UK LTD

## Statement of changes in equity at 31 December 2019

	Called up share capital	Share Premium	Capital contribution reserve	Profit and loss account	Total
	£	£	£	£	£
On 1 January 2018	210	17,609,646	8,256,335	(22,756,161)	3,110,030
Share Based Payments charge	-	-	-	211,965	211,965
Profit for Year	-	-	-	3,109,993	3,109,993
<b>Balance 31 December 2018</b>	<b>210</b>	<b>17,609,646</b>	<b>8,256,335</b>	<b>(19,434,203)</b>	<b>6,431,988</b>
On 1 January 2019	210	17,609,646	8,256,335	(19,434,203)	6,431,988
Shared Based Payments charge	-	-	-	182,054	182,054
Profit for Year	-	-	-	1,985,140	1,985,140
<b>Balance 31 December 2019</b>	<b>210</b>	<b>17,609,646</b>	<b>8,256,335</b>	<b>(17,267,009)</b>	<b>8,600,182</b>

The director considers that the capital contribution reserve is distributable.

The notes on pages 13 to 29 form part of these financial statements.

## PRGX UK LTD

### Notes forming part of the financial statements for the year ended 31 December 2019

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#### 1 General Information

The Company provides recovery audit, procure-to-pay performance improvement, contract compliance and risk management services to clients in transaction intensive industries.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 731 Capability Green, Luton, Bedfordshire.

#### 2 Statement of Compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

#### 3 Summary of Significant Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### *(a) Basis of Preparation*

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through the statement of comprehensive income.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

##### *(b) Going concern*

The financial statements have been prepared on a going concern basis.

The Company has net current assets of £5.8m, including a net debt owed to group companies of £2.9m. In addition, the Company has been given a letter of support from its parent company valid for one year from the date of signature of these accounts.

The Company has also specifically considered the impact of the Covid-19 crisis on its ability to continue as a going concern. It has considered the recurring nature of the Company's revenue from its existing customers and expected service revenues therefrom, alongside its current pipeline of new sales opportunities. It has considered the strength of its existing and targeted customer base and the impact of restrictions on their ability to continue to operate during at least the next twelve months. It has considered the potential impact on its key suppliers and has not experienced any significant impact on availability of services. The Company's employees have adapted well to working from home where required. The Director has revisited the Company's forecasts to 31 December 2021, to consider a range of scenarios, based on experience to date during the restrictions, and all reasonably possible scenarios enabled the Company's operations to continue to be funded from existing cash reserves and parent company support, for at least twelve months from the date of signing these financial statements. The Director therefore concluded that no material uncertainty over the Company's going concern basis of accounting exists as at the date of signing the financial statements.

As such, after careful consideration, the directors consider that it remains appropriate to prepare the accounts on a going concern basis.

## PRGX UK LTD

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

### 3 Accounting policies (continued)

#### (c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, PRGX Global Inc., includes the Company's cash flows in its own consolidated financial statements. The Company has also taken advantage of the exemption, under FRS 102 paragraph 1.12(e), from disclosing information relating to Section 33 *Related Party Disclosures* paragraph 33.7 on the basis that it is a qualifying entity and its ultimate parent company, PRGX Global Inc., includes the Company's information in its own consolidated financial statements.

#### (d) Consolidated Financial Statements

The Company is exempt from preparing consolidated financial statements, as it is wholly owned by the ultimate parent company, as permitted by S400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group. Details of the consolidated financial statements of the ultimate parent company are disclosed in note 20.

#### (e) Foreign currency

The Company's functional and presentation currency is sterling.

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

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign branches and from translating the profit and loss account at an average rate are taken to reserves.

#### (f) Revenue recognition

Revenue is stated net of applicable sales taxes and is derived from the following sources:

- The provision of recovery audit services - revenue is recognised when a customer has secured a recovery from its supplier and notified the Company of receiving benefit from such recovery;
- The provision of web based spend analysis and procurement software tools to customers - revenue is recognised rateably over the term of the contract;
- The provision of advisory services - revenue is recognised on a percentage of completion basis;
- The provision of scores for the Chartered Institute of Procurement & Supply (CIPS) Sustainability Index - revenue is recognised evenly over 12 months commencing from the date when the scores are published; and
- The provision of scores for Supplier Information Management (SIM) - revenue is recognised in full immediately upon publication of the score.

## PRGX UK LTD

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

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### 3 Accounting policies (continued)

#### *(g) Employee benefits*

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension plan.

##### *Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### *Pension costs*

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid, the Company has no further payment obligations. Contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The plan assets are held separately from the Company in an independently administered fund.

##### *Annual bonus plans*

The Company operates performance linked annual bonus plans for certain of its employees. The costs are recognised as an expense in the period in which the service is received.

##### *Share based incentives*

PRGX Global Inc. issues equity-settled share-based awards to certain employees of the Company. Equity-settled share-based option awards are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based options are expensed on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The fair value of all time-vested options is estimated as of the date of grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The fair value of market condition options (also known as path-dependent options) may be estimated as of their date of grant using more complex option valuation models such as binomial lattice and Monte Carlo simulations. The Company uses the Monte Carlo simulation method for its valuations of market condition options.

The Company estimates the fair value of awards of performance-based restricted share units as being equal to the market value of the common stock on the date of the award. The fair value so determined is amortised over the vesting period of the award based on the group's estimate of the shares that will eventually vest.

## PRGX UK LTD

### Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

#### 3 Accounting policies (continued)

##### (h) Taxation

The charge for taxation is based on the result for the year and considers taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

##### (i) Intangible assets

###### Goodwill

Purchased goodwill is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the income statement over the director's estimate of its useful economic life. Where a reliable estimate of its useful economic life cannot be made, it is amortised over five years. Existing goodwill assets are being amortised over 20 years.

Goodwill acquired relating to the C&CA Ltd acquisition is being amortised over 10 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Where the trade and assets of a subsidiary are transferred to the Company, such that the subsidiary ceases to trade, the carrying value of the investment previously recorded is transferred to goodwill in full.

###### Customer relationships

Where the Company acquires a customer list from a third party, it is recorded at the fair value of the consideration paid. The list is capitalised and amortised through the income statement over the director's view of its useful economic life up to a maximum of 10 years. Where a reliable estimate of its useful economic life cannot be made, it is amortised over five years.

###### Software development costs

Software development costs are charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined, and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

## PRGX UK LTD

### Notes forming part of the financial statements for the year ended 31 December 2019 (Continued)

#### 3 Accounting policies (continued)

In such circumstances the costs are capitalised, shown in intangible assets and amortised over a period not exceeding three years commencing in the year the Company starts to sell or use the related software.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

At the end of each year, the balance of deferred development expenditure is reviewed in light of the latest available information (e.g. actual sales compared with estimates) and, where the circumstances which justified the deferral in the first instance (the criteria stated above) no longer apply or are considered doubtful, the amount of the balance which is considered to be irrecoverable is written off immediately.

##### **(j) Tangible assets**

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

##### **Computer equipment, furniture and fittings**

Computer equipment, including computer software which is integral to the equipment, and furniture and fittings are stated at cost less accumulated depreciation.

##### **Leasehold improvements**

Improvements to leasehold properties are capitalised and stated at cost less accumulated depreciation.

##### **Depreciation**

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Computer equipment	- over 3-5 years
Furniture and fittings	- over 5 years
Leasehold improvements	- over the lesser of 10 years or the remaining lease term

##### **(k) Leased assets**

All leases that the Company has entered into are operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

##### **(l) Share capital and financial liabilities**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

## PRGX UK LTD

Notes forming part of the financial statements  
for the year ended 31 December 2019 (Continued)

### 3 Accounting policies (continued)

#### *(m) Cash at bank and in hand*

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### *(n) Related party transactions*

The Company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

#### *(o) Business combinations*

The Company applies the acquisition method for the acquisition of subsidiaries or assets of other companies. The cost of the acquisition is measured at the aggregate fair value of the consideration given. The acquiree's identifiable assets, liabilities and contingent liabilities, which meet the conditions for recognition under FRS 102, are recognised at their fair value at the date the Company assumes control of the acquiree or of the acquiree's assets.

### 4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *(i) Critical judgements in applying the entity's accounting policies*

In preparing these financial statements, the Company has made the following judgements:

- Determine whether there are indicators of impairment of the Company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether the charge to the Company made by the group relating to share based payments is the appropriate expense to be recognised in the financial statements in relation to the share options and restricted stock units granted to the Company's staff. The decision that the cost is appropriate has resulted in the Company recognising the charge as the cost of the share-based payments in the statement of comprehensive income.

#### *(ii) Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### *Recoverability and useful economic life of goodwill*

The Company reviews both whether goodwill is impaired and the estimated useful economic life of goodwill whenever there is an indication that the carrying value may not be recoverable. Where an indication of impairment is identified the estimation of the recoverable value requires estimation of future cash flow from the assets and also the selection of the appropriate discount rates in order to calculate the net present value of those cash flows. See note 12 for the carrying amount of goodwill and note 3 for the useful economic life of existing goodwill assets.

## PRGX UK LTD

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

### 4 Critical accounting judgements and estimation uncertainty (continued)

#### *Recoverability of software development costs*

The Company reviews capitalised software development costs annually for impairment. Where an indication of impairment is identified the estimation of the recoverable value requires estimation of future cash flow from the assets and also the selection of the appropriate discount rates in order to calculate the net present value of those cash flows. They are amended when necessary to reflect current estimates. See note 12 for the carrying amount of software development costs and note 3 for the useful economic lives for each class of assets.

#### *Useful economic lives of tangible and intangible assets*

The annual depreciation charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property plant and equipment, note 12 for intangible assets and note 3 for the useful economic lives for each class of assets.

#### *Impairment of debtors*

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the individual debts and historical experience. See note 15 for the net carrying value of debtors and associated impairment provision.

#### *Paybacks to clients*

The Company recognises revenue in line with the policy as stated in note 3 (f) above. However, where the client does not make the full expected recovery, revenue previously recognised is written back. Management makes a provision for the estimated value of the write back. When calculating the provision, management considers factors including the current rate of payback, the time lag taken for clients to make full recovery and historical experience. See note 17 for the value of the provision.

### 5 Turnover

All turnover is derived from continuing operations. All turnover arises in the United Kingdom and the Republic of Ireland as follows:

	2019	2018
	£	£
United Kingdom	20,674,996	20,999,165
Republic of Ireland	409,836	560,502
	<b>21,084,832</b>	<b>21,559,667</b>

## PRGX UK LTD

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

### 6 Operating profit

	2019	2018
	£	£
The operating profit is arrived at after charging:		
Depreciation of tangible fixed assets	256,770	244,492
Amortisation of intangible fixed assets	569,877	506,115
Land and buildings – operating leases	275,108	275,108
Share based payments (cash settled)	(13,241)	13,960
Share based payments (equity settled)	182,054	211,965
Foreign exchange losses/(gains)	(923,568)	939,832
<i>Auditor's remuneration:</i>		
Audit	61,500	48,000
Other assurance services	33,000	33,000
Tax compliance services	8,750	7,300
	<b>103,250</b>	<b>88,300</b>

### 7 Net Interest Payable

	2019	2018
	£	£
Accretion of contingent consideration	58,192	171,218
	<b>58,192</b>	<b>171,218</b>

### 8 Remuneration of the director

The director's remuneration is borne by another group company. The director is not accruing benefits under money purchase pension schemes (2018: £Nil).

### 9 Employees

The average number of employees (including the director) during the year, analysed the category, was as follows:

	2019	2018
	Number	Number
Administration	27	31
Audit	222	205
	<b>249</b>	<b>236</b>

## PRGX UK LTD

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

### 9 Employees (continued)

Staff costs (including the director) consist of:	2019 £	2018 £
Wages and salaries	10,410,404	10,337,077
Social security costs	1,053,656	1,117,590
Other pension costs	338,445	298,321
Share option charge	168,813	225,925
	<b>11,971,318</b>	<b>11,978,913</b>

The pension cost for 2019 of £338,445 (2018: £298,321) relates to contributions payable to the Company's defined contribution pension scheme. At 31 December 2019, there were outstanding contributions of £55,400 (2018: £52,076).

### 10 Share-based payments

The ultimate parent company has two shareholder-approved share-based payment schemes for certain senior employees of the Group (PRGX Global Inc.) which include stock options and stock awards (restricted stock RSUs and performance-based units (PBUs)).

Options to purchase common shares are exercisable at a price equal to the closing quoted market price of the Company's shares on the date of grant. The options granted generally vest rateably over a period ranging from 1 to 3 years. If the options remain unexercised after a period of 7 years from the date of grant, the options expire. RSUs represent an agreement by the ultimate parent company to deliver common shares in the future pursuant to a vesting and delivery schedule. RSUs vest over a 1 to 3-year period with zero exercise price. Share options and stock awards are forfeited if the employee leaves the Group before the vesting date or if vested options are not exercised in accordance with the share option agreements upon termination.

The fair value of share options is estimated as of the date of grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable.

The fair value of RSUs is estimated as being equal to the market value of the common stock of the parent company on the date of the award.

The vesting of PBUs is subject to the satisfaction of certain specified financial performance conditions over a two-year performance period.

During the prior year, 3 employees were granted a total of 38,750 stock appreciation rights (SARs). The SARs vested on March 1, 2020. Upon vesting 25% of the SARs may be exercised, on last day of each first, second and third quarter in 2020. After the SARs are exercised, they are settled in cash payment equal to the excess of the fair market value as of the date the SARs are exercised.

## PRGX UK LTD

### Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

#### 10 Share based payments (continued)

Details of the share options during the year are as follows:

	2019	Weighted average exercise price (in US\$)	2018	Weighted average exercise price (in US\$)
	Number of share options		Number of share options	
Outstanding at beginning of period	41,500	6.51	98,000	6.71
Share options exercised	-	-	(31,500)	(6.74)
Share options forfeited	(26,500)	(6.32)	(25,000)	(6.99)
Share options granted	-	-	-	-
Outstanding at the end of the period	15,000	6.85	41,500	6.51
Exercisable at the end of the period	15,000	6.85	41,500	6.51

No share options were issued in the current year (2018: Nil).

The share options outstanding at 31 December 2019 had a weighted average exercise price of US\$6.85 (2018: \$6.51). The share options had a weighted average remaining contractual life of 4.15 years (2018: 4.18 years). The weighted average share price upon exercise of exercisable options was US\$6.85 (2018: US\$6.51).

Details of the RSUs during the year are as follows:

	2019	2018
	Number of RSUs	Number of RSUs
Outstanding RSUs at beginning of period	41,684	29,762
RSUs granted	39,000	24,191
RSUs exercised	(15,211)	(9,919)
RSUs forfeited	(3,188)	(2,350)
Outstanding at the end of the period	62,285	41,684

## PRGX UK LTD

### Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

#### 10 Share based payments (continued)

Details of the PBUs during the year are as follows:

	2019	2018
	Number of PBUs	Number of PBUs
Outstanding PBUs at beginning of period	29,814	102,500
PBUs granted	15,000	14,814
PBUs forfeited	(17,788)	
PBUs exercised	(12,026)	(87,500)
Outstanding at the end of the period	15,000	29,814

During the year 39,000 RSUs were granted (2018: 24,191). During the year 15,000 PBUs were granted (2018: 14,814). If vested PBUs will be paid in shares. No PBUs vested during the year.

The aggregate share-based payment expense (both cash and equity settled) in respect of UK based employees for 2019 was £168,813 (2018: £225,925).

#### 11 Tax

##### (a) Tax expense included in the statement of comprehensive income

	2019 £	2018 £
<i>Current tax</i>		
UK corporation tax at 19% (2018: 19%)	97,410	-
Foreign corporation tax charge for the year	16,355	40,793
Adjustment in respect of prior periods (foreign tax)	-	475
Total current tax	113,765	41,268
<i>Deferred tax</i>		
Origination and reversal of timing differences	396,843	(688,813)
Tax on profit on ordinary activities	510,608	(647,545)

## PRGX UK LTD

### Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

#### 11 Tax (continued)

##### (b) Reconciliation of tax charge

Current tax for the year is higher (2018: lower) than the standard rate of tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
<b>Profit / (loss) on ordinary activities before tax</b>	<b>2,495,748</b>	<b>2,462,448</b>
Standard rate of Corporation tax in the UK: at 19% (2018: 19%)	<b>474,192</b>	<b>467,865</b>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	<b>95,754</b>	98,473
Adjustment to prior period deferred tax	-	(1,139,249)
Share scheme deduction	<b>(29,171)</b>	(60,910)
Overseas tax – Ireland	<b>16,355</b>	41,268
Adjust opening and closing deferred tax to average rate	<b>(46,522)</b>	(52,992)
<b>Tax charge/(credit) for the year</b>	<b>510,608</b>	<b>(647,545)</b>

##### Factors that may affect future tax charges:

Deferred tax that is expected to reverse in future periods has been calculated using rates that were substantively enacted at 31 December 2019. No changes to the corporation tax rate were enacted during the year. In the March 2020 budget the Chancellor announced that, in line with the 2019 election manifesto the next UK finance act would reverse the reduction in tax rate to 17% so that corporation tax would remain at 19%. As this has not yet been signed into law it is not appropriate to change the rate at which deferred tax is calculated.

A deferred tax asset of £291,970 has been retained at 31 December 2019 (2018: £688,813). This is based on accelerated capital allowances and other timing differences. In 2018 the deferred tax asset of £688,813 was recognised on accelerated capital allowances, other timing differences and trade losses carried forward on the grounds that there was sufficient evidence that the asset would be recovered in the foreseeable future. A rate of 17% was used to calculate the deferred tax in the prior year with 17% being used in the current year which was the rate substantively enacted as at the year-end date. During 2019, the strong cashflows and business performance has ensured the utilisation of the prior year losses and consequently the proportion of deferred tax asset directly relating trade losses has been written back to the profit and loss account at £355,335.

# PRGX UK LTD

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

## 11 Tax (continued)

### (c) Deferred taxation

	Provided 2019 £	Unprovided 2019 £	Provided 2018 £	Unprovided 2018 £
Accelerated capital allowances	169,233	-	211,306	-
Trade losses	-	-	355,335	-
Other timing differences	122,737	-	122,172	-
	(291,970)	-	688,813	-

	Deferred tax Asset £
At 1 January 2019	688,813
Credited to the profit and loss account	(396,843)
At 31 December 2019	291,970

## 12 Intangible assets

	Goodwill £	Customer relationships £	Software £	Total £
<b>Cost</b>				
At 1 January 2019	20,565,997	1,949,580	1,584,301	24,099,878
Additions	-	-	249,011	249,011
Retirement	-	-	(117,899)	(117,899)
<b>At 31 December 2019</b>	<b>20,565,997</b>	<b>1,949,580</b>	<b>1,715,413</b>	<b>24,230,990</b>
<b>Amortisation and impairment</b>				
At 1 January 2019	19,385,779	361,607	1,132,569	20,879,955
Charged in year	199,018	194,958	175,901	569,877
Retirement	-	-	(40,569)	(40,569)
<b>At 31 December 2019</b>	<b>19,584,797</b>	<b>556,565</b>	<b>1,267,901</b>	<b>21,409,263</b>
<b>Net book amount</b>				
<b>At 31 December 2019</b>	<b>981,200</b>	<b>1,393,015</b>	<b>447,512</b>	<b>2,821,727</b>
At 31 December 2018	1,180,218	1,587,973	451,732	3,219,923

## PRGX UK LTD

### Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

#### 12 Intangible assets (continued)

During the year software development costs of £249,011 (2018: £323,670) have been capitalised and included in intangible fixed assets. Amortisation is charged evenly over its useful life of 3 years commencing from when the software has been brought into use.

Customer relationships are being amortised evenly over their useful lives of 10 years.

Goodwill relating to the C&CA trade and assets acquisition is being amortised evenly over its useful life of 10 years.

Goodwill relating to earlier acquisitions is being amortised evenly over its useful life of 20 years.

#### 13 Subsidiary undertakings

The Company owns 100% of the share capital of Etesius Limited, a company registered in England and Wales.

Etesius Ltd is dormant, having ceased trading on 31 December 2011 following the transfer of trade to the Company. As a result of this transfer, the carrying value of the investment totalling £1,984,801 was transferred to goodwill. The goodwill relating to this investment has been fully amortised.

The shareholder's funds of Etesius Limited at 31 December 2019 were £130,635 (2018: £130,635).

#### 14 Tangible Assets

	Computer equipment £	Furniture & fittings £	Leasehold improvements £	Total £
<b>Cost</b>				
At 1 January 2019	1,912,501	44,369	627,696	2,584,566
Additions	98,654	47,157	-	145,811
Disposals	(214)	-	-	(214)
<b>At 31 December 2019</b>	<b>2,010,941</b>	<b>91,526</b>	<b>627,696</b>	<b>2,730,163</b>
<b>Depreciation</b>				
At 1 January 2019	1,341,112	41,933	535,528	1,918,573
Charged in year	216,984	3,653	36,133	256,770
<b>At 31 December 2019</b>	<b>1,558,096</b>	<b>45,586</b>	<b>571,661</b>	<b>2,175,343</b>
<b>Net book amount</b>				
<b>At 31 December 2019</b>	<b>452,845</b>	<b>45,940</b>	<b>56,035</b>	<b>554,820</b>
At 31 December 2018	571,389	2,436	92,168	665,993

## PRGX UK LTD

### Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

#### 15 Debtors

	2019	2018
	£	£
Trade debtors	8,660,524	9,435,624
Other debtors	61,334	192,079
Prepayments and accrued income	519,943	136,755
Corporation tax	7,664	19,680
Deferred tax (see note 11)	291,970	688,813
Amounts owed from group undertakings	9,106,537	7,380,235
	<b>18,647,972</b>	<b>17,853,186</b>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provisions for impairment of £1,013,671 (2018: £454,578).

#### 16 Creditors

	2019	2018
	£	£
Trade Creditors	237,879	416,671
Corporation Tax	97,410	-
Other taxation and social security	879,279	1,219,511
Accruals and deferred income	991,198	1,970,405
Amounts owned to group undertakings	11,993,254	12,481,217
	<b>14,199,020</b>	<b>16,087,804</b>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

#### 17 Provisions for liabilities

	2019	2018
	£	£
At 1 January 2019	338,418	307,589
Charged to profit and loss	248,110	30,829
At 31 December 2019	<b>586,528</b>	<b>338,418</b>

The provision for liabilities relates to potential paybacks to clients, which has been shown separately due to its materiality. The movement in the period represents the change in estimate made between the start and end of the period as described in note 4.

## PRGX UK LTD

### Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

#### 18 Share Capital

	Allotted, called up and fully paid			
	2019 Number	2019 £	2018 Number	2018 £
200 ordinary shares of £1 each	200	200	200	200
10 'A' ordinary shares of £1 each	10	10	10	10
	<u>210</u>	<u>210</u>	<u>210</u>	<u>210</u>

The 'A' ordinary shares rank *pari passu* in all respects except that they shall not entitle holders to receive notice of or to attend or vote at any general meeting, nor to participate in the profit and assets of the Company.

#### 19 Commitments under operating leases

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2019 £	2018 £
Not later than one year	217,812	300,386
Later than one year and within five years	608,923	698,635
Later than five years	275,100	403,200
	<u>1,101,835</u>	<u>1,402,221</u>

The Company has no other off-balance sheet arrangements.

#### 20 Immediate and ultimate parent company

The immediate parent company is PRGX UK Holdings Ltd, a company registered in England and Wales.

The Company's ultimate parent company is PRGX Global Inc., incorporated in the United States of America. The largest group in which the results of the Company are consolidated is that headed by PRGX Global Inc. The consolidated accounts of this company are available to the public and may be obtained from PRGX Global Inc., 600 Galleria Parkway, Suite 100, Atlanta GA 30339, USA.

#### 21 Related party transactions

The Company has taken advantage of the exemption conferred by Section 33.1A of FRS 102 not to disclose related party transactions which are with other companies that are wholly owned within the group headed by PRGX Global Inc.

## PRGX UK LTD

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

### 22 Post Balance Sheet Events

There have been no events subsequent to the reporting date that require adjustment to the 2019 company statutory accounts.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide.

The director has considered the Covid-19 Outbreak, its potential impact on the Company's future cash flows and their ability to continue to operate, as further explained in the Going Concern assessment.

### 23 Financial Instruments

	2019 £	2018 £
<b>Financial assets:</b>		
Debt instruments measured at amortised cost (cash, trade debtors, other debtors, accrued income, amounts owed by group companies)	19,456,411	18,127,046
<b>Financial liabilities:</b>		
Financial liabilities measured at amortised cost (trade payables, accruals, amounts owed to group companies)	12,994,373	14,868,293
<b>Total net financial instruments</b>	<b>6,462,038</b>	<b>3,258,753</b>