

PRGX UK Ltd

Company number: 01478123

Report and Financial Statements

Year ended 31 December 2020



PRGX UK LTD

Report and financial statements for the year ended 31 December 2020

Contents

Page:

1	Strategic Report
4	Report of the director
7	Independent auditor's report
11	Statement of comprehensive income
12	Statement of financial position
13	Statement of changes in equity
14	Notes forming part of the financial statements

Director

R Stewart	Resigned 4 th March 2021
M Lustig	Appointed 4 th March 2021

Secretary

T Field

Registered office

731 Capability Green, Luton, Bedfordshire LU1 3LU

Company number

01478123

Auditors

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

PRGX UK LTD

Strategic Report for the year ended 31 December 2020

The director presents his strategic report together with the audited financial statements for the year ended 31 December 2020.

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, Pharmaceuticals and Manufacturing.

Trading review

Turnover for the year decreased by £1.1m (5%) to £20.0m (2019: £21.1m). Gross profit has decreased by £1.8m (18%) to £8.2m (2019: £10.1m). The Company reported an operating profit for the year of £0.9m (2019: £2.6m). The director considers Turnover, Gross Profit and Operating Profit to be the key performance indicators.

Net assets as at the balance sheet date are £9.3m (2019: £8.6m). The Company has net current assets of £7.1m (2019: net current assets of £5.8m), which includes £2.5m 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 2020 was primarily due to two key items, being: the completion of an advisory project; and the discontinuation of the CIPS Sustainability Index platform on 30th June 2019, as reported in the prior year, accounting for £0.1m of the reduction.

These items were mitigated through cost savings to ensure minimal impact on gross profit.

The Company's operating profit decreased principally as a result of the decrease in revenue and adverse exchange rate movements for the year of £0.2m (2019: net gain of £0.9m). These were offset by cost savings and the continued review of efficiencies in audit delivery.

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. Expand into new high potential industries and geographies.

PRGX UK LTD

Strategic Report for the year ended 31 December 2020 (*continued*)

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 2020 (*continued*)

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 £2.5m (2019: £1.4m), 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

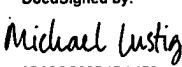
The new UK-EU Trade and Cooperation Agreement came into effect from 1 January 2021, following the departure of the United Kingdom from the European Union ("Brexit"). The Board continues to assess and monitor the impact of Brexit on the UK economy, regulations, exchange rate and generally on UK companies as the new trade patterns and regulatory framework are established.

Covid-19

The Company is dependent on its workforce to deliver its services. Developments such as social distancing and stay-at-home directives may impact the Company's ability to deploy its workforce effectively. The same developments may affect the operations of the Company's customers, as their own workforce and operations are disrupted by efforts to curtail the spread of the virus.

To date, the Company has not experienced significant impact to its operations, however, these disruptions may negatively impact the Company's sales, its results of operations, financial condition, and liquidity.

On behalf of the Board,

DocuSigned by:

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Michael Lustig
Director

Date: 23rd December 2021

PRGX UK LTD

Report of the director for the year ended 31 December 2020

The director presents his report together with the audited financial statements for the year ended 31 December 2020.

Results and dividends

The statement of comprehensive income is set out on page 11 and shows a profit after tax for the year of £0.5m (2019: £2.0m). The director does not recommend the payment of a dividend (2019: 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

Details of the directors who served are below. Since the balance sheet date the following resignations and appointments have taken place:

Director	Date of appointment/resignation
Ronald Stewart	Resigned 4 th March 2021
Michael Lustig	Appointed 4 th March 2021

PRGX UK LTD

Report of the director for the year ended 31 December 2020 (continued)

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.

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

There have been no events subsequent to the reporting date that require adjustment to the 2020 company statutory accounts.

Subsequent Event

On March 3, 2021, the Company's ultimate parent company, PRGX Global Inc., completed a merger with Pluto Merger Sub Inc.. PRGX Global Inc. survived the merger as the surviving corporation with ultimate parent company Ardian North America Fund II, L.P., incorporated in the United States of America.

At the time of the merger, each share of common stock of PRGX Global, Inc. issued and outstanding was paid at \$7.71 in cash per share.

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 £7.1m, including a net debt owed to group companies of £0.7m. In addition, the Company has been given a letter of support from PRGX Global, Inc. valid for one year from the date of signature of these accounts.

PRGX UK LTD

Report of the director for the year ended 31 December 2020 (*continued*)

The Company has also specifically considered the impact of the continued 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 2022, 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.

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,

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Michael Lustig
Director

Date: 23rd December 2021

PRGX UK LTD

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF PRGX UK LTD

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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.

We have audited the financial statements of PRGX UK Limited ("the Company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, and 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).

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

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director with respect to going concern are described in the relevant sections of this report.

Other information

The Director is responsible for the other information. The other information comprises the information included in the Director's 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)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

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

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

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 Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Director

As explained more fully in the Director's Report, the Director is 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 Director determines 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 Director is 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 Director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

PRGX UK LTD

Independent auditor's report (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- We have identified and assessed the potential risks related to irregularities, including fraud, by considering the following:
 - The nature of the industry, including the design of the Company's remuneration policies;
 - Enquiries of management regarding :the compliance with laws and regulations; the detection and response to the risk of fraud and any knowledge of actual, suspected or alleged fraud; and the controls in place to mitigate risks related to fraud or non-compliance with laws and regulations;
 - Obtaining an understanding of the legal and regulatory framework in which the Company operates.
- We have responded to risks identified by performing procedures including the following:
 - Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of misstatement due to fraud; and
 - Reading the minutes of meetings of those charged with governance.
- We have also considered the risk of fraud through management override of controls by:
 - Sample testing the appropriateness of journal entries and other adjustments; and
 - Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.


PRGX UK LTD

Independent auditor's report (continued)

A further description of our responsibilities is available 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.

DocuSigned by:

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Joe Lucey (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London

Date 23 December 2021

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 2020

	Note	2020 £	2019 £
Turnover	5	19,951,204	21,084,832
Cost of Sales		(11,706,055)	(11,022,201)
Gross Profit		8,245,149	10,062,631
Administrative expenses		(7,938,479)	(8,088,659)
Other Operating Income		598,679	579,968
Operating profit	6	905,349	2,553,940
Interest payable and similar charges	7	-	(58,192)
Profit on ordinary activities before taxation		905,349	2,495,748
Taxation on profit on ordinary activities	11	(380,779)	(510,608)
Total comprehensive profit for the year		524,570	1,985,140

All amounts relate to continuing activities.

The notes on pages 14 to 30 form part of these financial statements.

PRGX UK LTD**Statement of financial position at 31 December 2020**

<i>Company number 01478123</i>	Note	2020	2019
		£	£
Fixed Assets			
Intangible Assets	12	2,407,869	2,821,727
Tangible Assets	14	<u>333,689</u>	<u>554,820</u>
		2,741,558	3,376,547
Current Assets			
Debtors	15	16,865,316	18,647,972
Cash at bank and in hand		<u>2,512,254</u>	<u>1,360,211</u>
		19,377,570	20,008,183
Creditors: amounts falling due within one year	16	<u>(12,296,621)</u>	<u>(14,199,020)</u>
Net current assets		7,080,949	5,809,163
Total assets less current liabilities		9,822,507	9,185,710
Provision for liabilities	17	<u>(536,916)</u>	<u>(586,528)</u>
Net assets		9,285,591	8,599,182
Capital and reserves			
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		<u>(16,580,600)</u>	<u>(17,267,009)</u>
Shareholders' funds		9,285,591	8,599,182

The financial statements were approved by the director and authorised for issue on 23rd December 2021.

DocuSigned by:

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Michael Lustig
Director

The notes on pages 14 to 30 form part of these financial statements.

PRGX UK LTD**Statement of changes in equity at 31 December 2020**

	Called up share capital	Share Premium	Capital contribution reserve	Profit and loss account	Total
	£	£	£	£	£
On 1 January 2019	210	17,609,646	8,256,335	(19,434,203)	6,431,988
Share Based Payments charge	-	-	-	182,054	182,054
Profit for Year	-	-	-	1,985,140	1,985,140
Balance 31 December 2019	210	17,609,646	8,256,335	(17,267,009)	8,599,182
On 1 January 2020	210	17,609,646	8,256,335	(17,267,009)	8,599,182
Shared Based Payments charge	-	-	-	161,839	161,839
Profit for Year	-	-	-	524,570	524,570
Balance 31 December 2020	210	17,609,646	8,256,335	(16,580,600)	9,285,591

The director considers that the capital contribution reserve is distributable.

The notes on pages 14 to 30 form part of these financial statements.

PRGX UK LTD

Notes forming part of the financial statements for the year ended 31 December 2020

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 £7.1m, including a net debt owed to group companies of £0.7m. 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 continued 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 2022, 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 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 2020 *(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 parent company, PRGX UK Holdings Ltd., 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 parent company, PRGX UK Holdings Ltd., includes the Company's information in its own consolidated financial statements.

(d) 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.

(e) 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;

PRGX UK LTD

Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

3 Accounting policies (*continued*)

(f) *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 2020 (*continued*)

3 Accounting policies (*continued*)

(g) 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.

(h) 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 2020 *(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.

(i) 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

(j) 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.

(k) 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 2020 *(Continued)*

3 Accounting policies *(continued)*

(l) 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.

(m) 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.

(n) 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 live of existing goodwill assets.

PRGX UK LTD

Notes forming part of the financial statements for the year ended 31 December 2020 *(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:

	2020	2019
	£	£
United Kingdom	19,852,918	20,674,996
Republic of Ireland	98,286	409,836
	<u>19,951,204</u>	<u>21,084,832</u>

PRGX UK LTD

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

6 Operating profit

	2020	2019
	£	£
The operating profit is arrived at after charging:		
Depreciation of tangible fixed assets	241,103	256,770
Amortisation of intangible fixed assets	547,858	569,877
Land and buildings – operating leases	251,821	275,108
Share based payments (cash settled)	-	(13,241)
Share based payments (equity settled)	161,839	182,054
Foreign exchange losses/(gains)	208,698	(923,568)
<i>Auditor's remuneration:</i>		
Audit	61,800	61,500
Other assurance services	36,000	33,000
Tax compliance services	8,750	8,750
	106,550	103,250

7 Net Interest Payable

	2020	2019
	£	£
Accretion of contingent consideration	-	58,192
	-	58,192

8 Remuneration of the director

The director is remunerated by PRGX Global Inc, and does not receive any remuneration for services provided to PRGX UK Ltd. The director is not accruing benefits under money purchase pension schemes (2019: £Nil).

9 Employees

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

	2020	2019
	Number	Number
Administration	27	27
Audit	196	222
	223	249

PRGX UK LTD

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

9 Employees (continued)

Staff costs (including the director) consist of:	2020 £	2019 £
Wages and salaries	9,483,589	10,410,404
Social security costs	971,639	1,053,656
Other pension costs	287,997	338,445
Share option charge	161,839	168,813
	10,905,064	11,971,318

The pension cost for 2020 of £287,997 (2019: £338,445) relates to contributions payable to the Company's defined contribution pension scheme. At 31 December 2020, there were outstanding contributions of £61,574 (2019: £55,400).

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.

PRGX UK LTD

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

10 Share based payments (continued)

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

	2020	Weighted average exercise price (in US\$)	2019	Weighted average exercise price (in US\$)
	Number of share options		Number of share options	
Outstanding at beginning of period	15,000	6.85	41,500	6.51
Share options exercised	-	-	-	-
Share options forfeited	-	-	(26,500)	(6.32)
Share options granted	-	-	-	-
Outstanding at the end of the period	15,000	6.85	15,000	6.85
Exercisable at the end of the period	15,000	6.85	15,000	6.85

No share options were issued in the current year (2019: Nil).

The share options outstanding at 31 December 2020 had a weighted average exercise price of US\$6.85 (2019: \$6.85). The share options had a weighted average remaining contractual life of 3.15 years (2019: 4.15 years). The weighted average share price upon exercise of exercisable options was US\$6.85 (2019: US\$6.85).

Details of the RSUs during the year are as follows:

	2020	2019
	Number of RSUs	Number of RSUs
Outstanding RSUs at beginning of period	62,285	41,684
RSUs granted	13,000	39,000
RSUs exercised	(37,402)	(15,211)
RSUs forfeited	(13,959)	(3,188)
Outstanding at the end of the period	23,924	62,285

PRGX UK LTD

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

10 Share based payments (continued)

Details of the PBUs during the year are as follows:

	2020	2019
	Number of PBUs	Number of PBUs
Outstanding PBUs at beginning of period	15,000	29,814
PBUs granted	17,750	15,000
PBUs forfeited	-	(17,788)
PBUs exercised	-	(12,026)
Outstanding at the end of the period	32,750	15,000

During the year 13,000 RSUs were granted (2019: 39,000). During the year 17,750 PBUs were granted (2019: 15,000). 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 2020 was £161,839 (2019: £168,813).

11 Tax

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

	2020 £	2019 £
<i>Current tax</i>		
UK corporation tax at 19% (2019: 19%)	236,062	97,410
Adjustment in respect of prior period	(383)	
Foreign corporation tax charge for the year	3,599	16,355
Adjustment in respect of prior period (foreign tax)	(112)	-
Total current tax	239,166	113,765
<i>Deferred tax</i>		
Origination and reversal of timing differences	141,613	396,843
Tax on profit on ordinary activities	380,779	510,608

PRGX UK LTD

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

11 Tax (continued)

(b) Reconciliation of tax charge

Current tax for the year is higher (2019: higher) than the standard rate of tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	905,349	2,495,748
Standard rate of Corporation tax in the UK: at 19% (2019: 19%)	172,016	474,192
<i>Effects of:</i>		
Expenses not deductible for tax purposes	266,159	95,754
Adjustment in respect of prior period	(383)	-
Share scheme deduction	(26,532)	(29,171)
Overseas tax – Ireland	3,487	16,355
Adjust opening and closing deferred tax to average rate	(33,968)	(46,522)
Tax charge for the year	380,779	510,608

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 2020. In the March 2020 budget the Chancellor announced that, in line with the 2020 election manifesto the next UK finance act would reverse the reduction in tax rate to 17% so that corporation tax would remain at 19%. Consequently, the deferred tax rate at 31 December 2020 has been recalculated to 19% which reflects the rate enacted at the balance sheet date. A rate of 17% was used in the prior year.

A deferred tax asset of £150,357 has been retained at 31 December 2020 (2019: £291,970). This is based on accelerated capital allowances and other timing differences. In 2019 the deferred tax asset of £291,970 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.

PRGX UK LTD

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

11 Tax (continued)

(c) Deferred taxation

	Provided 2020 £	Unprovided 2020 £	Provided 2019 £	Unprovided 2019 £
Accelerated capital allowances	138,658	-	169,233	-
Trade losses	-	-	-	-
Other timing differences	11,699	-	122,737	-
	150,357	-	291,970	-

	Deferred tax Asset £
At 1 January 2020	291,970
Credited to the profit and loss account	(141,613)
At 31 December 2020	150,357

12 Intangible assets

	Goodwill £	Customer relationships £	Software £	Total £
Cost				
At 1 January 2020	20,565,997	1,949,580	1,715,413	24,230,990
Additions	-	-	134,000	134,000
Retirement	-	-	-	-
At 31 December 2020	20,565,997	1,949,580	1,849,413	24,364,990
Amortisation and impairment				
At 1 January 2020	19,584,797	556,565	1,267,901	21,409,263
Charged in year	199,018	194,958	153,882	547,858
Retirement	-	-	-	-
At 31 December 2020	19,783,815	751,523	1,421,783	21,957,121
Net book amount				
At 31 December 2020	782,182	1,198,057	427,630	2,407,869
At 31 December 2019	981,200	1,393,015	447,512	2,821,727

PRGX UK LTD

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

12 Intangible assets (continued)

During the year software development costs of £134,000 (2019: £249,011) 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 2020 were £130,635 (2019: £130,635).

14 Tangible Assets

	Computer equipment £	Furniture & fittings £	Leasehold Improvements £	Total £
Cost				
At 1 January 2020	2,010,941	91,526	627,696	2,730,163
Additions	19,972	-	-	19,972
At 31 December 2020	2,030,913	91,526	627,696	2,750,135
Depreciation				
At 1 January 2020	1,558,096	45,586	571,661	2,175,343
Charged in year	203,621	9,940	27,542	241,103
At 31 December 2020	1,761,717	55,526	599,203	2,416,446
Net book amount				
At 31 December 2020	269,196	36,000	28,493	333,689
At 31 December 2019	452,845	45,940	56,035	554,820

PRGX UK LTD

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

15 Debtors

	2020	2019
	£	£
Trade debtors	6,744,751	8,660,524
Other debtors	52,367	61,334
Prepayments and accrued income	470,830	519,943
Corporation tax	625,958	7,664
Deferred tax (see note 11)	150,357	291,970
Amounts owed from group undertakings	8,821,053	9,106,537
	16,865,316	18,647,972

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 £345,900 (2019: £1,013,671).

16 Creditors

	2020	2019
	£	£
Trade Creditors	104,252	237,879
Corporation Tax	1,377	97,410
Other taxation and social security	1,172,857	879,279
Accruals and deferred income	1,477,821	991,198
Amounts owned to group undertakings	9,540,314	11,993,254
	12,296,621	14,199,020

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

17 Provisions for liabilities

	2020	2019
	£	£
At 1 January 2020	586,528	338,418
Charged to profit and loss	(49,612)	248,110
At 31 December 2020	536,916	586,528

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 2020 (continued)

18 Share Capital

	Allotted, called up and fully paid			
	2020 Number	2020 £	2019 Number	2019 £
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:

	2020 £	2019 £
Not later than one year	218,693	217,812
Later than one year and within five years	460,251	608,923
Later than five years	147,350	275,100
	<u>826,294</u>	<u>1,101,835</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 Ardian North America Fund II, L.P., incorporated in the United States of America. The largest group in which the results of the Company are consolidated for the year under review is that headed by PRGX Global, Inc, the immediate subsidiary of Pluto Acquisitionco Inc. The consolidated accounts of this company may be requested 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 2020 *(continued)*

22 Financial Instruments:

	2020	2019
	£	£
Financial assets:		
Debt instruments measured at amortised cost (cash, trade debtors, other debtors, accrued income, amounts owed by group companies)	18,394,919	19,456,411
Financial liabilities:		
Financial liabilities measured at amortised cost (trade payables, accruals, amounts owed to group companies)	10,910,496	12,994,373
Total net financial instruments	7,484,423	6,462,038

23 Post Balance Sheet and Subsequent Events

There have been no events subsequent to the reporting date that require adjustment to the 2020 company statutory accounts.

On March 3, 2021, the Company's ultimate parent company, PRGX Global Inc., completed a merger with Pluto Merger Sub Inc. PRGX Global Inc. survived the merger as the surviving corporation with ultimate parent company Ardian North America Fund II, L.P., incorporated in the United States of America.

At the time of the merger, each share of common stock of PRGX Global, Inc. issued and outstanding was paid at \$7.71 in cash per share