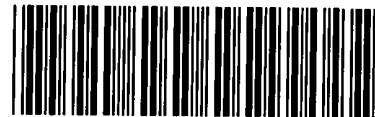


Registered number: 04482240

PROTIVITI LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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PROTIVITI LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | M C Buckley M K Waddell |
| Company secretary | A M Plumbly |
| Registered number | 04482240 |
| Registered office | Protiviti Ltd Washington House International Square Birmingham B37 7GN |
| Independent auditors | Pricewaterhousecoopers LLP Cornwall Court 19 Cornwall St. Birmingham B3 2DT |
| Bankers | Royal Bank of Scotland 1 St Philips Place Birmingham B3 2RB |
| Solicitors | Baker & McKenzie 100 New Bridge Street London EC4V 6JA |

PROTIVITI LIMITED

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PROTIVITI LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The principal activity of the company continues to be the provision of internal audit and business risk consulting services and to provide services and support to the wider group.

Business review

The Company continues to meet the difficulties brought about by the challenging economic conditions, closely monitoring and where appropriate realigning the cost base to reflect the reality of today's marketplace. Investment continues in key areas to enable the company to maximise market growth opportunities as economic conditions improve. Over the course of 2016 the Company has continued to develop its business. The Company made an operating loss of £977,107 (2015: £1,234,525 Loss).

During 2016, the number of staff increased by 9% from an average of 117 in 2015 to 128. The Company has continued to develop and diversify its workforce to provide a wider skill base to expand into other areas of risk management and internal audit in order to support sustained growth.

Principal risks and uncertainties

Dependence upon personnel

The Company's performance depends largely on the ability to continue to attract, train and retain high caliber individuals. The Company has focused on improving employee benefits and continuing to offer equity incentives to support the long term retention of valued employees. While the company has retained its key personnel to date, there can be no assurance that it will continue to be able to do so.

Reputation

The success of the Company's performance is highly dependent upon its reputation. Any event that adversely impacts the reputation of the business could materially and adversely affect the future results of the Company.

Demand for services

The Company provides services related to Sarbanes-Oxley and other regulatory compliance. There can be no assurance that there will be an ongoing demand for these services or that the current regulatory framework will be maintained in its current form.

Competition

The Company operates in a highly competitive business, where the barriers to entry are quite low.

Potential Liability

The Company consists of providing internal audit and business risk consulting services. A liability may arise or litigation could be instituted against the Company for claims related to these activities or to prior transactions or activities. There can be no assurance that such liability or litigation will not have an adverse impact on the Company.

PROTIVITI LIMITED

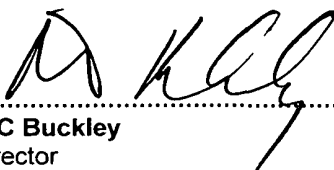
**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Key Performance Indicators

Company performance during the year has been measured by management using the following financial and non-financial KPIs. The source of the data and calculation methods year-on-year are on a consistent basis. Performance during the year together with comparative data is set out in the table below:

| | 2016 | 2015 |
|---|--------|--------|
| Growth in Turnover: The company returned an increase year on year. Source: Statement of Comprehensive income | 3.4% | 12% |
| Gross Margin %: Ratio of Gross Profit as a % to turnover. Source : Statement of Comprehensive income | 13% | 10% |
| Operating Loss Margin % : Ratio of operating loss before interest and tax to revenue expressed as a %. Source : Statement of Comprehensive income | (4.8%) | (6.2%) |
| Growth in staff: Year on year growth expressed as a % . Source: Internal Data | 9% | 2% |
| Debtors Days : Number of days sales outstanding calculated using the count back method. Source: Internal Data. | 48 | 55 |
| Current Ratio: Derived by dividing current assets by current liabilities. Source: Balance Sheet | 0.9 | 0.9 |

This report was approved by the board on 29 September 2017 and signed on its behalf.


.....
M C Buckley
Director

PROTIVITI LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are 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 Directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has 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 Directors are 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going Concern

The Company currently has net current liabilities. However once amounts due to group undertakings are removed the company has net current assets. The Director's have received confirmation that a demand for repayment of the amounts due to group undertakings will not be made unless alternative sources of finance are made available. The Directors have reviewed the financial position of the counter party and believe that this support can be provided. They have also reviewed the cash flow forecasts for the Company for the foreseeable future and have concluded that the Company has sufficient cash resources in order for it to continue to meet its obligations as and when they fall due for the foreseeable future.

Future Developments

The financial performance of the Company is expected to improve in the coming year due to the investment made during 2016. The Company continues to operate in a highly competitive market and the impact of this and also the uncertainty regarding UK economic growth following the vote to leave the EU could have an impact on the budgeted performance in 2017.

Directors

The Directors who served during the year and up to the date of approval of these financial statements were:

M C Buckley
M K Waddell

PROTIVITI LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company is committed to an active Equal Opportunities policy to ensure individuals are appointed, promoted, trained and developed, and treated on the basis of their relevant merits and abilities. The company's objective is to ensure no applicant or employee receives less favourable treatment, directly or indirectly on the grounds of sex, colour, race, religion, ethnic or national origin, marital status, disability, age or sexual orientation.

The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This information is circulated to employees through a dedicated website and regular email announcements.

POLITICAL AND CHARITABLE DONATIONS

There were no political donations in either the current or prior year, but there were charitable donations of £5,467 2016 (£5,050 :2015)

FINANCIAL RISK MANAGEMENT

The main financial risks relate to credit risk and liquidity risk. Credit risk is mitigated through the use of credit checks and regular monitoring of the sales ledger in order to minimise the impact of bad debts on the Company. Liquidity risk is managed through the use of cash flow forecasting and analysis of the performance and financial position of the Company against approved budgets.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

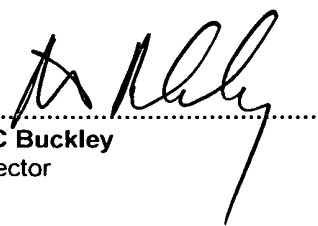
PROTIVITI LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

Independent Auditors

The auditors, Pricewaterhousecoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on ²⁹..... September 2017 and signed on its behalf.


.....
M C Buckley
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROTIVITI LIMITED

Report on the financial statements

Our opinion

In our opinion, Protiviti Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss 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.

What we have audited

The financial statements, included within the annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROTIVITI LIMITED

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

PROTIVITI LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROTIVITI LIMITED

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Sarah Phillips

Sarah Phillips (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

29 September 2017.

PROTIVITI LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | Note | 2016 £ | 2015 £ |
|--|------|--------------------|--------------------|
| Turnover | 4 | 20,424,874 | 19,755,722 |
| Cost of sales | | (17,678,195) | (17,724,724) |
| Gross profit | | 2,746,679 | 2,030,998 |
| Administrative expenses | | (3,723,786) | (3,265,523) |
| Operating loss | 5 | (977,107) | (1,234,525) |
| Interest receivable and similar income | 8 | - | 72 |
| Interest payable and expenses | 9 | (82,221) | (84,895) |
| Loss before tax on ordinary activities | | (1,059,328) | (1,319,348) |
| Tax on loss | 10 | 122,744 | 126,836 |
| Loss for the year | | (936,584) | (1,192,512) |
| Other comprehensive income | | - | - |
| Other comprehensive income for the year | | - | - |
| Total comprehensive loss for the year | | (936,584) | (1,192,512) |

PROTIVITI LIMITED
REGISTERED NUMBER: 04482240

BALANCE SHEET
AS AT 31 DECEMBER 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-------------------------|----------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 3,671 | 4,807 |
| Tangible assets | 12 | 1,040,436 | 990,232 |
| | | <u>1,044,107</u> | <u>995,039</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 13 | 7,603,367 | 7,402,240 |
| Cash at bank and in hand | 14 | 3,158,109 | 2,821,507 |
| | | <u>10,761,476</u> | <u>10,223,747</u> |
| Creditors: amounts falling due within one year | 15 | (11,968,443) | (11,053,292) |
| Net current liabilities | | <u>(1,206,967)</u> | <u>(829,545)</u> |
| Total assets less current liabilities | | <u>(162,860)</u> | <u>165,494</u> |
| Provisions for liabilities | | | |
| Other provisions | | (114,969) | (72,997) |
| | | <u>(114,969)</u> | <u>(72,997)</u> |
| Net assets | | <u><u>(277,829)</u></u> | <u><u>92,497</u></u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 3,000,001 | 3,000,001 |
| Profit and loss account | 22 | (3,277,830) | (2,907,504) |
| | | <u><u>(277,829)</u></u> | <u><u>92,497</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2017.



M C Buckley
 Director

The notes on pages 13 to 28 form part of these financial statements.

PROTIVITI LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | Share capital £ | Profit and Loss £ | Total equity £ |
|--|-----------------------|-------------------------|-------------------|
| At 1 January 2016 | 3,000,001 | (2,907,504) | 92,497 |
| Comprehensive loss for the year | | | |
| Loss for the year | - | (936,584) | (936,584) |
| Total comprehensive loss for the year | - | (936,584) | (936,584) |
| Shared Based Payments | - | 566,258 | 566,258 |
| Total transactions with owners | - | 566,258 | 566,258 |
| At 31 December 2016 | 3,000,001 | (3,277,830) | (277,829) |

PROTIVITI LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

| | Share capital £ | Profit and Loss £ | Total equity £ |
|--|-----------------------|-------------------------|-------------------|
| At 1 January 2015 | 3,000,001 | (2,183,897) | 816,104 |
| Comprehensive loss for the year | | | |
| Loss for the year | - | (1,192,512) | (1,192,512) |
| Total comprehensive loss for the year | - | (1,192,512) | (1,192,512) |
| Share Based Payments | - | 468,905 | 468,905 |
| Total transactions with owners | - | 468,905 | 468,905 |
| At 31 December 2015 | 3,000,001 | (2,907,504) | 92,497 |

The notes on pages 13 to 28 form part of these financial statements.

PROTIVITI LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

The principal activity of the Company continues to be the provision of internal audit and business risk consulting services.

Protiviti Limited is a private Company limited by shares and is incorporated and domiciled in England with company registration 04482240. The address of its registered office is Washington House, International Square, Starley Way, Birmingham, B37 7GN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been consistently applied:

2.2 Going Concern

The Company currently has net current liabilities. However once amounts due to group undertakings are removed the company has net current assets. The Director's have received confirmation that a demand for repayment of the amounts due to group undertakings will not be made unless alternative sources of finance are made available. The Directors have reviewed the financial position of the counter party and believe that this support can be provided. They have also reviewed the cash flow forecasts for the Company for the foreseeable future and have concluded that the Company has sufficient cash resources in order for it to continue to meet its obligations as and when they fall due for the foreseeable future.

2.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Protiviti Inc as at 31 December 2016 and these financial statements may be obtained from 2884 Sand Hill Road, Menlo Park, California, 94025, USA.

PROTIVITI LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.4 Revenue

Risk consulting and internal audit services are generally provided on a time-and-material basis or fixed-fee basis. Revenues earned under the time-and-material arrangements are recognised as services are provided. Revenues on a fixed-fee basis are recognised using a proportional performance method as the hours are incurred relative to total estimated hours for the engagement.

The Company periodically evaluates the need to provide for any losses on these projects, and losses are recognised when it is probable that a loss will be incurred. Reimbursements, including those relating to travel and out-of-pocket expenses, are included in revenues and equivalent amounts of reimbursable expenses are included in direct costs of services. The company occasionally acts as an agent by arranging the provision of services on behalf of a principal. Where this is the case only the commission received in return for its performance under the agency agreement is included in turnover.

2.5 Intangible Assets

Intangible assets relate to software. These are recorded at the acquisition cost and are amortised over the useful economic life of the software which is 3 years. The assets are reviewed for impairment where impairment indicators exist.

2.6 Tangible fixed assets-

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

| | |
|-----------------------|--|
| Fixtures and fittings | - The shorter of 20% per annum or to the first break |
| Office equipment | - 20% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

PROTIVITI LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.7 Operating Leases: Lessee

Rentals paid under operating leases are charged to the profit & loss on a straight line basis over the period of the lease

Incentives received to enter into an operating lease are credited to the profit and loss account to reduce the lease expense, on a straight line basis over the period of the lease. The Company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS102 (1 January 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.9 Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial Assets

Basic financial assets, including trade and other receivables, cash and bank balances and loans to other group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost, using the effective interest rate method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

PROTIVITI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

Financial instruments (continued)

(ii) Financial Liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from other group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

PROTIVITI LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.11 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Pensions

Defined contribution pension plan

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 payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Interest income

Interest income is recognised in the Statement of Comprehensive using the effective interest method.

2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

(i) if the Company has an onerous contract, the present obligation under the contract shall be recognised and measured as a provision; and

lii) Restructuring provisions are recognised when the Company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and

(iii) Provision is not made for future operating losses

Provision is made for asset retirement obligations, dilapidation's and contingencies. These provisions require management's best estimate of costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgment.

PROTIVITI LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.15 Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

2.16 Taxation

Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.17 Share-based payments

Share based payments are calculated in accordance with section 26 of FRS 102. As the shares are granted by the ultimate parent undertaking, to employees of the Company, and no liability falls on the Company the scheme is treated as an equity settled scheme. The charge for the year is calculated utilising an appropriate valuation model and is included within administrative expenses. A counterbalancing entry is made to the profit and loss reserve as this relates to the capital contribution to the Company from Robert Half International Inc as no amounts are recharged to the Company for the shares granted to employees.

PROTIVITI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments 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.

Protiviti Ltd considers whether assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units of the Company. Identifying the cash generating units within the Company requires judgement. In addition, estimating the recoverable value of the cash generating units requires an estimation of future cash flows from the cash generating units and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Provision is made for asset retirement obligations, dilapidation's and contingencies. These provisions require management's best estimate of costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require managements judgment.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Analysis of turnover

An analysis of turnover by class of business is as follows:

| | 2016 £ | 2015 £ |
|---|-------------------|-------------------|
| Provision of Internal Audit and Business risk consulting services | 20,424,874 | 19,755,722 |
| | <u>20,424,874</u> | <u>19,755,722</u> |

Analysis of turnover by country of destination:

| | 2016 £ | 2015 £ |
|----------------|-------------------|-------------------|
| United Kingdom | 15,694,353 | 15,146,428 |
| Rest of Europe | 796,198 | 968,778 |
| North America | 3,724,861 | 3,142,277 |
| Other | 209,462 | 498,239 |
| | <u>20,424,874</u> | <u>19,755,722</u> |

PROTIVITI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. Operating loss

The operating loss is stated after charging:

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Depreciation of tangible fixed assets | 276,895 | 137,580 |
| Amortisation of intangible assets, including goodwill | 1,627 | (485) |
| Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements | 25,500 | 25,500 |
| Defined contribution pension cost | 285,679 | 216,667 |
| | <u>285,679</u> | <u>216,667</u> |

During the year, no director received any emoluments (2015 - £NIL).

6. Auditors' remuneration

| | 2016 £ | 2015 £ |
|---|---------------|---------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | 25,500 | 25,500 |
| | <u>25,500</u> | <u>25,500</u> |

PROTIVITI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. Employees

Staff costs were as follows:

| | 2016 £ | 2015 £ |
|-------------------------------------|-------------------|-------------------|
| Wages and salaries | 16,049,077 | 15,708,596 |
| Social security costs | 1,761,148 | 1,528,708 |
| Cost of defined contribution scheme | 285,679 | 216,667 |
| | <u>18,095,904</u> | <u>17,453,971</u> |

Wages and salaries include £2,987,840 (2015: £3,963,160), which represents the cost of subcontractors who are not employed under a contract of services by the company. These subcontractors are hired through other group companies and third party companies and provide services on which the company may recognise revenue and these costs have been included within cost of sales. Although these subcontractors do not have a contract of service from the company, for completeness these costs have been included in the above disclosure.

The average monthly number of employees, including the directors, during the year was as follows:

| | 2016 No. | 2015 No. |
|--|-------------|-------------|
| Sales and Administration | 112 | 105 |
| Subcontractors (not employed under a contract of services by Protiviti Limited) | 16 | 12 |
| | <u>128</u> | <u>117</u> |

8. Interest receivable

| | 2016 £ | 2015 £ |
|---------------------------|-----------|-----------|
| Other interest receivable | - | 72 |
| | <u>-</u> | <u>72</u> |

9. Interest payable and similar charges

| | 2016 £ | 2015 £ |
|-------------------------------|---------------|---------------|
| Loans from group undertakings | 81,801 | 84,895 |
| Other interest payable | 420 | - |
| | <u>82,221</u> | <u>84,895</u> |

PROTIVITI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Taxation

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Corporation tax | | |
| Current tax on loss for the year | (77,442) | (139,241) |
| Adjustments in respect of previous periods | 36,481 | - |
| | <u>(40,961)</u> | <u>(139,241)</u> |
| Total current tax | <u>(40,961)</u> | <u>(139,241)</u> |
| Deferred tax | | |
| Current Year | (125,248) | 7,053 |
| Changes to tax rates | 3,117 | 1,632 |
| Adjustments in respect of prior years | 40,348 | 3,720 |
| Total deferred tax | <u>(81,783)</u> | <u>12,405</u> |
| Taxation on loss on ordinary activities | <u>(122,744)</u> | <u>(126,836)</u> |

Factors affecting tax charge for the year

The tax credit assessed for the year is lower than (2015 - *lower than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

| | 2016 £ | 2015 £ |
|---|--------------------|--------------------|
| Loss on ordinary activities before tax | <u>(1,059,328)</u> | <u>(1,319,348)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%) | (211,866) | (267,168) |
| Effects of: | | |
| Expenses not deductible for tax purposes and income not taxable | 9,176 | 135,292 |
| Adjustments to tax charge in respect of prior periods | 76,829 | 3,408 |
| Changes to tax rates | 3,117 | 1,632 |
| Total tax charge/(credit) for the year | <u>(122,744)</u> | <u>(126,836)</u> |

Factors that may affect future tax charges

PROTIVITI LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

10. Taxation (continued)

The corporation tax rate within the UK will reduce further to 19% from 1 April 2017 and 17% from 1 April 2020. The taxation for the year has therefore been calculated based upon the effective rate of 20% (2015: 20.25%). Deferred taxation balances have been calculated utilising the expected prevailing rate when the timing differences are expected to reverse.

11. Intangible assets

| | Computer Software £ |
|-----------------------|---------------------------|
| Cost | |
| At 1 January 2016 | 35,204 |
| Additions - internal | 492 |
| | <hr/> |
| At 31 December 2016 | 35,696 |
| | <hr/> |
| Amortisation | |
| At 1 January 2016 | 30,398 |
| Charge for the year | 1,627 |
| | <hr/> |
| At 31 December 2016 | 32,025 |
| | <hr/> |
| Net book value | |
| At 31 December 2016 | 3,671 |
| | <hr/> |
| At 31 December 2015 | 4,807 |
| | <hr/> |

PROTIVITI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. Tangible fixed assets

| | Fixtures and fittings £ | Office equipment £ | Total £ |
|-----------------------------|-------------------------------|--------------------------|------------------|
| Cost or valuation | | | |
| At 1 January 2016 | 820,667 | 414,476 | 1,235,143 |
| Additions | 152,114 | 174,985 | 327,099 |
| At 31 December 2016 | <u>972,781</u> | <u>589,461</u> | <u>1,562,242</u> |
| Depreciation | | | |
| At 1 January 2016 | 41,492 | 203,419 | 244,911 |
| Charge owned for the period | 172,574 | 104,321 | 276,895 |
| At 31 December 2016 | <u>214,066</u> | <u>307,740</u> | <u>521,806</u> |
| Net book value | | | |
| At 31 December 2016 | <u>758,715</u> | <u>281,721</u> | <u>1,040,436</u> |
| At 31 December 2015 | <u>779,175</u> | <u>211,057</u> | <u>990,232</u> |

13. Debtors

| | 2016 £ | 2015 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 4,385,265 | 4,473,515 |
| Amounts owed by group undertakings | 1,006,372 | 748,389 |
| Prepayments and accrued income | 2,209,730 | 2,180,336 |
| Tax recoverable | 2,000 | - |
| | <u>7,603,367</u> | <u>7,402,240</u> |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.
The Deferred tax asset of £161,262 is contained within Prepayments and accrued income.

PROTIVITI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. Cash and cash equivalents

| | 2016 £ | 2015 £ |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 3,158,109 | 2,821,507 |
| | <u>3,158,109</u> | <u>2,821,507</u> |

15. Creditors: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------------|-------------------|-------------------|
| Trade creditors | 37,910 | 52,030 |
| Amounts owed to group undertakings | 7,334,523 | 7,482,154 |
| Taxation and social security | 2,385,071 | 1,627,745 |
| Accruals and deferred income | 2,210,939 | 1,891,363 |
| | <u>11,968,443</u> | <u>11,053,292</u> |

Amounts owed to group undertakings are unsecured, bear interest at 2% over the UK Libor Rate and repayable on demand.

16. Financial instruments

| | 2016 £ | 2015 £ |
|---|--------------------|--------------------|
| Financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | 8,549,746 | 8,043,408 |
| | <u>8,549,746</u> | <u>8,043,408</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | (9,583,372) | (9,425,547) |
| | <u>(9,583,372)</u> | <u>(9,425,547)</u> |

Financial assets include Trade receivables, cash and amounts owed by group companies. Financial liabilities include Trade creditors, amounts owed to group companies and accruals.

PROTIVITI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. Deferred Taxation

| | 2016 £ | 2015 £ |
|---|----------------|---------------|
| | - | - |
| Deferred tax asset at the start of the year | 79,479 | 91,884 |
| Recognised within Statement of Comprehensive income | 81,783 | (12,405) |
| | <u>161,262</u> | <u>79,479</u> |

The deferred tax asset relates to capital allowances and timing differences on stocks.

18. Share Based Payments

The Company's equity-settled share-based payments are made up of discretionary restricted stock programs. At the vesting date, ownership of the shares will transfer to the employee, with no exercise or purchase requirements. The grants will vest 25% on each anniversary of the grant date. All unvested units will be forfeited upon termination.

| | Weighted average exercise Price (pence) 2016 | Number 2016 | Weighted average exercise Price (pence) 2015 | Number 2015 |
|--|---|----------------|---|----------------|
| Outstanding at the beginning of the year | 31.6 | 22,055 | 24.0 | 22,348 |
| Granted in the year | 25.77 | 27,108 | 38.56 | 13,935 |
| Exercised in the year | 27.75 | (17,755) | 26.48 | (14,228) |
| Outstanding at the end of year | <u>28.75</u> | <u>31,408</u> | <u>31.60</u> | <u>22,055</u> |

The statement of comprehensive income has been charged with an expense of £566,258 based on the market value of the shares at the date of grant. The company has not paid any money to the ultimate parent company in respect of shares granted to the company's employees during the current or prior year.

PROTIVITI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

19. Provisions

| | |
|------------------------------|----------------------------|
| | 2016 |
| Dilapidations | |
| At 1 January 2016 | 72,997 |
| Charged to the profit & loss | 41,971 |
| Utilised during the year | - |
| | <hr/> 114,968 <hr/> |

Property Costs

Asset Retirement Obligations

As part of its property leasing arrangements, the Company has an obligation to return some properties to their original conditions. Where the Company has conducted significant leasehold improvements, such as installing mezzanine floors or partition walls, it has an obligation to remove these improvements. The present value of the expected cost is capitalised as part of the leasehold improvement asset. The provision is expected to be utilised at the end of the respective lease in 2025.

Dilapidations

As part of the company's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to the profit & loss as the obligation arises. The provision is expected to be utilised between 1 and 10 years as the leases terminate.

20. Contingent Liabilities

Robert Half International Inc. issues restricted stock to employees and Directors of the Company as an integral part of its compensation programs.

Restricted stock granted subsequent to 5 April 1999 in the UK under unapproved schemes are subject to national insurance contributions on the gain made on the vesting of the restricted stock units.

An accrual of £78,210 has been made at 31 December 2016 (2015: £47,767) based on the year end share price of \$48.78 (2015: \$47.41) and the elapsed portion of the relevant vesting periods.

Based on the year end share price there is a further contingent liability of approximately £93,198 (2015: £49,721) arising by the end of the vesting period that has not been provided for in the financial statements.

PROTIVITI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

21. Share capital

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Authorised | | |
| 5,000,001 Ordinary shares of £1 each | <u>5,000,001</u> | <u>5,000,001</u> |
| Allotted, called up and fully paid | | |
| 3,000,001 Ordinary shares of £1 each | <u>3,000,001</u> | <u>3,000,001</u> |

22. Reserves

Profit and loss account

The Profit and Loss account represents accumulated comprehensive income for the year and prior years plus shared based payment adjustments and related tax credits less dividends paid.

23. Pension commitments

The Company pays into a defined contribution pension scheme in respect of certain employees. Pension costs for the year were £285,679 (2015 : £216,167) and these were fully paid within 1 month of the year end close.

24. Controlling party

The Directors regard Protiviti Inc., a company incorporated in the USA, as the immediate parent Company and Robert Half International Inc., a Company incorporated in the USA, as the ultimate parent Company and the ultimate controlling party. Robert Half International Inc. heads the largest and smallest group to consolidate these financial statements. Copies of the group financial statements are available from 2884 Sand Hill Road, Menlo Park, California, 94025, USA.