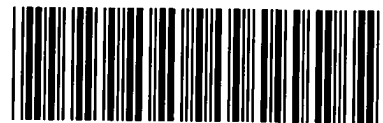


**PROTIVITI LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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<b>PROTIVITI LIMITED</b>
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**COMPANY INFORMATION**

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

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**PROTIVITI LIMITED**

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**CONTENTS**

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	Page
<b>Strategic Report</b>	1 - 3
<b>Directors' Report</b>	4 - 6
<b>Independent Auditors' Report</b>	7 - 9
<b>Statement of Comprehensive Income</b>	10
<b>Balance Sheet</b>	11
<b>Statement of Changes in Equity</b>	12 - 13
<b>Notes to the Financial Statements</b>	14 - 32

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## PROTIVITI LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Introduction

The principal activity of the Company continues to be the provision of risk consulting services to help clients solve regulatory, risk and compliance problems and also to help clients become more effective and productive.

#### Business review

The Company continues to monitor the challenges brought about with the uncertain economic conditions, closely monitoring and where appropriate realigning the cost base to reflect the reality of today's marketplace. The Company has continued to invest in key areas to position itself over the short to medium term to maximise market growth opportunities. Over the course of 2018 the Company has continued to develop the services and solutions offered to clients.

On 1 May 2018 Protiviti Limited acquired the Management Resources division from Robert Half Limited, another Robert Half Group company which provides specialist staffing services, for a consideration of £10,000. This was to capitalise on the synergies between these activities and enable Protiviti Limited to flex its resourcing to meet changing clients demands.

The Company made an operating loss of £565,361 (2017: £126,414 Loss), the loss is impacted by an equity adjustment made for equity-settled share-based payments £631,358 (2017: £459,658). At 31 December 2018 the company had net assets of £8,119,472 (2017: £3962).

During 2018, the number of staff increased by 47% from an average of 163 in 2017 to 239. Of this headcount increase 43 related to the acquisition of Management Resources with the remainder coming from organic growth. The Company has continued to develop and diversify its workforce to provide a wider skill base to expand the service offerings of the Company and support sustained growth.

The parent company, Protiviti Inc., approved a recapitalisation of the Company. This recapitalisation has provided funds to assist with the expansion of the business and settle existing group creditors. The recapitalisation was achieved by the issue of one ordinary share to the existing shareholder for the cash contribution of £8,000,000.

#### 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.

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## PROTIVITI LIMITED

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### STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

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#### ***Demand for services***

The Company provides some 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. The Company has diversified its service offerings in recent years to mitigate this risk

#### ***Competition***

The risk consulting business is highly competitive and, because it is a service business, 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.

The above risks and uncertainties are managed through an established set of internal controls and reporting.

#### **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:

The 2018 Key Performance Indicators are impacted by the addition of the management resources business from Robert Half Limited.

	2018	2017
Growth in Turnover: The company returned an increase year on year. Source: Statement of Comprehensive income	72.0%	24.9%
Gross Margin %: Ratio of Gross Profit as a % to turnover. Source : Statement of Comprehensive income	14.8%	16%
Operating Loss Margin % : Ratio of operating loss before interest and tax to revenue expressed as a %. Source : Statement of Comprehensive income	(1.3%)	(0.5%)
Growth in staff: Year on year growth expressed as a % . Source: Internal Data	46.6%	27%
Debtors Days: Number of days sales outstanding calculated using the count back method. Source: Internal Data.	48	57
Current Ratio: Derived by dividing current assets by current liabilities. Source: Balance Sheet	1.86	1

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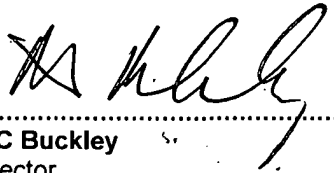
PROTIVITI LIMITED

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STRATEGIC REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2018

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



M C Buckley  
Director

30 September 2019

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**PROTIVITI LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The Directors present their report and the audited financial statements for the year ended 31 December 2018.

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

**Going Concern**

The Company currently has net current assets. 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 2018. 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 2019.

**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

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## **PROTIVITI LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **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.

#### **DIVIDENDS**

No dividends have been paid or recommended during 2018 (2017: £Nil).

#### **POLITICAL AND CHARITABLE DONATIONS**

There were no political donations or charitable donations in either the current or prior year.

#### **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.

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#### **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.

#### **Independent Auditors**

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



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PROTIVITI LIMITED

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DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018

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

  
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**M C Buckley**  
Director

30 September 2019

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## PROTIVITI LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROTIVITI LIMITED

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## Report on the audit of the financial statements

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### Opinion

In our opinion, Protiviti Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for then year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so,

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## PROTIVITI LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROTIVITI LIMITED

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consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### *Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

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.

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**PROTIVITI LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROTIVITI LIMITED**

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**Other required reporting**

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**Companies Act 2006 exception reporting**

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

We have no exceptions to report arising from this responsibility.

*Sarah Phillips*

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

30 September 2019

**PROTIVITI LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	43,885,364	25,513,542
Cost of sales		(37,400,298)	(21,355,689)
<b>Gross profit</b>		<b>6,485,066</b>	<b>4,157,853</b>
Administrative expenses		(7,050,427)	(4,284,267)
<b>Operating loss</b>	5	<b>(565,361)</b>	<b>(126,414)</b>
Interest payable and similar expenses	8	(55,782)	(75,772)
<b>Loss before tax</b>		<b>(621,143)</b>	<b>(202,186)</b>
Tax on loss	9	105,295	24,319
<b>Loss for the financial year</b>		<b>(515,848)</b>	<b>(177,867)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(515,848)</b>	<b>(177,867)</b>

**PROTIVITI LIMITED**  
**REGISTERED NUMBER: 04482240**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	10	1,293	2,487
Tangible assets	11	659,575	876,693
		<u>660,868</u>	<u>879,180</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	14,554,792	13,321,103
Cash at bank and in hand	13	1,895,132	2,543,293
		<u>16,449,924</u>	<u>15,864,396</u>
Creditors: amounts falling due within one year	14	(8,834,729)	(16,589,540)
<b>Net current assets/(liabilities)</b>		<u>7,615,195</u>	<u>(725,144)</u>
<b>Total assets less current liabilities</b>		<u>8,276,063</u>	<u>154,036</u>
<b>Provisions for liabilities</b>			
Other provisions		(156,591)	(150,074)
		<u>(156,591)</u>	<u>(150,074)</u>
<b>Net assets</b>		<u><u>8,119,472</u></u>	<u><u>3,962</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	3,000,002	3,000,001
Share premium account	21	7,999,999	-
Profit and loss account	21	(2,880,529)	(2,996,039)
<b>Total Equity</b>		<u><u>8,119,472</u></u>	<u><u>3,962</u></u>

The financial statements on pages 10 to 31 were approved and authorised for issue by the board and were signed on its behalf on

  
**M C Buckley**  
 Director

30 September 2019

The notes on pages 14 to 32 form part of these financial statements.

**PROTIVITI LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital £	Share premium £	Profit and Loss £	Total equity £
At 1 January 2018	3,000,001	-	(2,996,039)	3,962
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(515,848)	(515,848)
<b>Total comprehensive loss for the year</b>	-	-	(515,848)	(515,848)
Shares issued during the year	1	7,999,999	-	8,000,000
Shared Based Payments	-	-	631,358	631,358
<b>Total transactions with owners</b>	1	7,999,999	631,358	8,631,358
<b>At 31 December 2018</b>	<b>3,000,002</b>	<b>7,999,999</b>	<b>(2,880,529)</b>	<b>8,119,472</b>

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**PROTIVITI LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Share capital £	Profit and Loss £	Total equity £
At 1 January 2017	3,000,001	(3,277,830)	(277,829)
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(177,867)	(177,867)
<b>Total comprehensive loss for the year</b>	-	(177,867)	(177,867)
Share Based Payments	-	459,658	459,658
<b>Total transactions with owners</b>	-	459,658	459,658
<b>At 31 December 2017</b>	<b>3,000,001</b>	<b>(2,996,039)</b>	<b>3,962</b>

The notes on pages 14 to 32 form part of these financial statements.



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## PROTIVITI LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 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, United Kingdom 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 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 Robert Half International Inc. as at 31st December 2018 and these financial statements may be obtained from [www.roberthalf.com](http://www.roberthalf.com) or 2884 Sand Hill Road, Menlo Park, California, 94025, USA.

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**PROTIVITI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)****2.3 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.

**2.4 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.

**2.5 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.6 Operating Leases: Lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease

Incentives received to enter into an operating lease are credited to the Statement of Comprehensive Income 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 Statement of Comprehensive Income over the period to the first review date on which the rent is adjusted to market rates.

**2.7 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.

**2.8 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 unrecognised 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.

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## PROTIVITI LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.8 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 unrecognised 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.

##### 2.9 Foreign currency translation

###### (i) Functional and presentation currency

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

###### (ii) 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'.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.10 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.

**2.11 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.

**2.12 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

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.13 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.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.15 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.

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## PROTIVITI LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2.16 Acquisition of Management Resources business

On 1 May 2018 Protiviti acquired the Management Resources business from a sister company, Robert Half Limited and paid £10,000 in cash. Protiviti Limited received fixed assets in the form of Tablets and current assets with employee short term loans and tured over 35 employees. In the financial year the Management Resources division contributed £19,292,046 of revenue and £1,746,564 of profit.

#### 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.

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.

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. Turnover

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

	2018 £	2017 £
Provision of Internal Audit and Business risk consulting services	43,885,364	25,513,542
	<u>43,885,364</u>	<u>25,513,542</u>

Analysis of turnover by country of destination:

United Kingdom	36,480,960	19,669,576
Rest of Europe	1,980,344	1,133,175
North America	5,044,238	4,419,072
Other	<u>379,822</u>	<u>291,719</u>

**PROTIVITI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**5. Operating loss**

The operating loss is stated after charging:

	2018 £	2017 £
Impairment of trade receivables	11,912	-
Depreciation of tangible assets	362,739	333,160
Amortisation of intangible assets	616	1,184
Exchange (losses) / gains	(6,643)	58,806
Other operating lease rentals - Plant & machinery	5,814	2,796

**6. Auditors' remuneration**

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	35,750	27,750
	<u>35,750</u>	<u>27,750</u>



**PROTIVITI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**7. Employees**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	34,995,396	19,229,509
Social security costs	2,356,138	1,836,463
Other pension costs	562,131	368,406
	<u>37,913,665</u>	<u>21,434,378</u>

Wages and salaries include £17,157,468 (2017: £4,823,025), 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 staff costs and employee numbers are impacted by the addition of staff and subcontractors from the Management Resources division of Robert Half Limited during the year, as noted in the Directors report.

During the year, no director received any emoluments (2017 - £NIL).

The emoluments of the directors are paid by another entity within the Robert Half Group. These directors were remunerated for their services to the Robert Half Group as a whole, including Protiviti Limited and it is not possible to allocate their emoluments to the Company. Accordingly, the above details include no emoluments in respect of these directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Robert Half International Inc.

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

	2018 No.	2017 No.
Sales and Administration	220	131
Subcontractors ( not employed under a contract of services by Protiviti Limited)	19	32
	<u>239</u>	<u>163</u>

**PROTIVITI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**8. Interest payable and similar expenses**

	2018 £	2017 £
Loans from group undertakings	55,782	75,772
	<u>55,782</u>	<u>75,772</u>

**9. Tax on loss**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on loss for the year	(174,667)	(29,270)
Adjustments in respect of previous periods	7,922	16,577
	<u>(166,745)</u>	<u>(12,693)</u>
<b>Total current tax</b>	<u>(166,745)</u>	<u>(12,693)</u>
<b>Deferred tax</b>		
Current Year	87,748	(28,817)
Adjustments in respect of previous periods	(26,298)	17,191
	<u>61,450</u>	<u>(11,626)</u>
<b>Total deferred tax</b>	<u>61,450</u>	<u>(11,626)</u>
<b>Taxation on loss</b>	<u>(105,295)</u>	<u>(24,319)</u>

**PROTIVITI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**9. Tax on loss (continued)**

**Factors affecting tax credit for the year**

The tax credit assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Loss before tax	<u>(621,143)</u>	<u>(202,186)</u>
Loss multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(118,017)	(38,921)
<b>Effects of:</b>		
Expenses not deductible for tax purposes and income not taxable	31,098	(19,166)
Adjustments in respect of previous periods	(18,376)	33,768
<b>Total tax credit for the year</b>	<u><u>(105,295)</u></u>	<u><u>(24,319)</u></u>

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**PROTIVITI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**9. Tax on loss (continued)**

**Factors that may affect future tax charges**

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

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**PROTIVITI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**10. Intangible assets**

	<b>Computer Software £</b>
<b>Cost</b>	
At 1 January 2018	<b>35,696</b>
Disposals	<b>(578)</b>
At 31 December 2018	<b>35,118</b>
<b>Amortisation</b>	
At 1 January 2018	<b>33,209</b>
Charge for the year	<b>616</b>
At 31 December 2018	<b>33,825</b>
<b>Net book value</b>	
At 31 December 2018	<b>1,293</b>
<i>At 31 December 2017</i>	<b>2,487</b>

**PROTIVITI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**11. Tangible assets**

	Fixtures and fittings £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2018	1,004,391	727,268	1,731,659
Additions	18,510	127,161	145,671
Disposals	-	(494)	(494)
At 31 December 2018	<u>1,022,901</u>	<u>853,935</u>	<u>1,876,836</u>
<b>Depreciation</b>			
At 1 January 2018	403,972	450,994	854,966
Charge owned for the period	195,152	167,587	362,739
Disposals	-	(444)	(444)
At 31 December 2018	<u>599,124</u>	<u>618,137</u>	<u>1,217,261</u>
<b>Net book value</b>			
At 31 December 2018	<u>423,777</u>	<u>235,798</u>	<u>659,575</u>
At 31 December 2017	<u>600,419</u>	<u>276,274</u>	<u>876,693</u>

**12. Debtors: amount falling due within one year**

	2018 £	2017 £
Trade debtors	8,092,981	6,521,201
Amounts owed by group undertakings	3,437,563	2,587,434
Prepayments and accrued income	2,883,310	4,032,580
Tax recoverable	29,500	7,000
Deferred taxation	111,438	172,888
	<u>14,554,792</u>	<u>13,321,103</u>

**PROTIVITI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. Debtors: amount falling due within one year (continued)**

Amounts owed by group undertakings are unsecured, interest free as they are settled within one month and repayable on demand.

Trade Debtors are stated after impairment provisions of £11,912 (2017: £nil)

**13. Cash at bank and in hand**

	2018 £	2017 £
Cash at bank and in hand	1,895,132	2,543,293
	<u>1,895,132</u>	<u>2,543,293</u>

**14. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	140,272	17,274
Amounts owed to group undertakings	1,718,534	10,548,907
Taxation and social security	3,711,436	2,901,543
Other creditors	12,582	-
Accruals and deferred income	3,251,905	3,121,816
	<u>8,834,729</u>	<u>16,589,540</u>

As noted in the Directors report Protiviti Limited received capital funding of £8million which was used to settle debts owing to group undertakings.

Amounts owed to group undertakings are unsecured, accrue interest at market rates and are repayable on demand.

**PROTIVITI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**15. Financial instruments**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	13,425,676	11,651,928
	<u>13,425,676</u>	<u>11,651,928</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(5,123,293)	(13,687,997)
	<u>(5,123,293)</u>	<u>(13,687,997)</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.

**16. Deferred Taxation**

	2018 £	2017 £
Deferred tax asset at the start of the year	172,888	161,262
Recognised within the Statement of Comprehensive income	(61,450)	11,626
	<u>111,438</u>	<u>172,888</u>

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



**PROTIVITI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**17. 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.

	<b>Weighted average exercise Price (pence) 2018</b>	<b>Number 2018</b>	<i>Weighted average exercise Price (pence) 2017</i>	<i>Number 2017</i>
Outstanding at the beginning of the year	30.85	22,858	28.75	31,408
Granted in the year	40.13	10,075	38.05	7,752
Exercised in the year	33.94	(21,873)	30.23	(16,303)
Transfers In	35.39	35,539	-	-
<b>Outstanding at the end of year</b>	<b>34.87</b>	<b>46,599</b>	<b>30.85</b>	<b>22,857</b>

The statement of comprehensive income has been charged with an expense of £631,358 ( 2017: £459,658) 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.

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## PROTIVITI LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 18. Other Provisions

	£
<b>Dilapidations</b>	
At 1 January 2018	150,074
Charged to the profit & loss	6,517
	<hr/>
<b>At 31 December 2018</b>	<b>156,591</b>
	<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 leases which will be between 1 and 10 years.

##### Dilapidations

As part of the company's property leasing arrangements there is an obligation to repair damages which are incurred 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.

#### 19. 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 £64,482 has been made at 31 December 2018 (2017: £70,430) based on the year end share price of \$57.20 (2017: \$55.54) and the elapsed portion of the relevant vesting periods.

Based on the year end share price there is a further contingent liability of approximately £54,716 (2017: £59,390) 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 2018**

**20. Called up share capital**

	2018 £	2017 £
<b>Authorised</b>		
5,000,001 (2017: 5,000,001) Ordinary shares of £1 each	<u>5,000,001</u>	<u>5,000,001</u>
<b>Allotted, called up and fully paid</b>		
3,000,002 (2017 - 3,000,001) Ordinary shares of £1 each	<u>3,000,002</u>	<u>3,000,001</u>

**21. Reserves**

**Share premium**

The Share Premium account includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of share are deducted from share premiums.

**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.

**22. Pension commitments**

The Company offers a defined contribution pension scheme to all employees. The Company makes a contribution of between 5% and 6% of pensionable earnings. Pension costs for the year were £562,131 (2017 : £368,406) and these were fully paid within 1 month of the year end close.

**23. 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 [www.roberthalf.com](http://www.roberthalf.com) or 2884 Sand Hill Road, Menlo Park, California, 94025, USA.