

Company Registration No. 01535245 (England and Wales)

**INFORMATION SERVICES GROUP EUROPE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



# INFORMATION SERVICES GROUP EUROPE LIMITED

## COMPANY INFORMATION

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Directors	Mr R Fogel Mr S A J Lowndes Mr A R Scheller Mr T F Leonard (Appointed 7 June 2021)
Secretary	Mr S A J Lowndes
Company number	01535245
Registered office	Hays House Millmead Guildford Surrey GU2 4HJ
Auditor	Edwards 34 High Street Aldridge Walsall West Midlands WS9 8LZ

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# INFORMATION SERVICES GROUP EUROPE LIMITED

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# INFORMATION SERVICES GROUP EUROPE LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their annual report and financial statements for the year ended 31 December 2020.

### Principal activities

The company is a subsidiary of Information Services Group, Inc., ('ISG', 'the Group'). The Group is a management consulting firm that identifies and delivers significant improvement in the business operations of large global organisations. With over 1,300 professionals operating in 21 countries, ISG brings together a more comprehensive range of research, consulting and managed services offerings to deliver even greater value for our clients. From trusted business performance metrics and detailed assessment analytics to industry-leading transformation methodologies, ISG helps clients assess, optimise, and manage their operational environment and drive operational excellence throughout your organisation. The Company provides the services offered by the Group to its customers within the UK and Europe.

### Results and dividends

The results for the year are set out on page 7.

No ordinary or preference dividends were paid. The directors do not recommend payment of a final dividend.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D E Berger	(Resigned 7 June 2021)
Mr R Fogel	
Mr S A J Lowndes	
Mr A R Scheller	
Mr T F Leonard	(Appointed 7 June 2021)

### Directors' insurance

Throughout the financial year and up to the date of the approval of these financial statements, the ultimate parent company, Information Services Group, Inc., maintained Directors' & Officers' Liability insurance policies on behalf of the directors of the company. These policies meet the 2006 companies act definition of a qualifying third party indemnity provision.

### Auditor

In accordance with the company's articles, a resolution proposing that Edwards be reappointed as auditor of the company will be put at a General Meeting.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### Funding and liquidity

The Company has net current assets of £386,942 as at 31 December 2020 (2019: net current liabilities of £361,461). The financial statements have been prepared on a going concern basis, which is dependent on the continuing financial support of the ultimate parent company, Information Services Group, Inc.

Information Services Group, Inc. has confirmed that it will provide financing to the Company, if required, to allow the Company to pay its debts as they fall due, for a period of at least twelve months following the signing of these financial statements.

# INFORMATION SERVICES GROUP EUROPE LIMITED

## DIRECTORS' REPORT (CONTINUED)

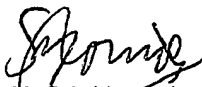
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **Other matters**

On 11 March 2020, the World Health Organisation officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. The company took advantage of various government schemes in order to minimise any lasting impact and to ensure the going concern status. Management continue to closely monitor the evolution of this pandemic, including how it may affect the company, the economy and the general population further into the future. We currently have an appropriate response plan in place, and we will continue to monitor and assess the ongoing development and respond accordingly.

On behalf of the board



Mrs S A J Lowndes  
Director

29 September 2021

# **INFORMATION SERVICES GROUP EUROPE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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.

# INFORMATION SERVICES GROUP EUROPE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF INFORMATION SERVICES GROUP EUROPE LIMITED

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#### Opinion

We have audited the financial statements of Information Services Group Europe Limited (the 'company') for the year ended 31 December 2020 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

# INFORMATION SERVICES GROUP EUROPE LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF INFORMATION SERVICES GROUP EUROPE LIMITED

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

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

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

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

#### **Responsibilities of directors**

As explained more fully in the 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

Based on our understanding of the industry, we identified that the principal risks of non-compliance related to health and safety, GDPR and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on preparation of the financial statements, such as the Companies Act 2006. We examined management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of overriding of controls) and determined that the principal risks were relating to management bias in accounting estimates, in particular those of work in progress and also revenue recognition in relation to contracts. We also discussed with management the possibility of non-compliance with health and safety and GDPR regulations and reviewed the management controls in place to detect such irregularities. Audit procedures included challenging assumptions made by management in their significant accounting estimates. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions described in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one due to error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



# **INFORMATION SERVICES GROUP EUROPE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF INFORMATION SERVICES GROUP EUROPE LIMITED**

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#### **Use of our report**

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



**Paul Tonks BSc (Econ) FCA (Senior Statutory Auditor)**  
**For and on behalf of Edwards**

30 September 2021

**Chartered Accountants**  
**Statutory Auditor**

34 High Street  
Aldridge  
Walsall  
West Midlands  
WS9 8LZ

# INFORMATION SERVICES GROUP EUROPE LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Revenue	4	12,268,929	12,876,800
Cost of sales		(9,193,526)	(9,874,185)
<b>Gross profit</b>		<b>3,075,403</b>	<b>3,002,615</b>
Administrative expenses		(1,919,367)	(2,763,140)
Other operating income		32,079	-
<b>Operating profit</b>	<b>5</b>	<b>1,188,115</b>	<b>239,475</b>
Finance costs	8	(229,096)	(243,876)
<b>Profit/(loss) before taxation</b>		<b>959,019</b>	<b>(4,401)</b>
Tax on profit/(loss)	9	-	-
<b>Profit/(loss) and total comprehensive income for the financial year</b>		<b>959,019</b>	<b>(4,401)</b>

The income statement has been prepared on the basis that all operations are continuing operations.

# INFORMATION SERVICES GROUP EUROPE LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Non-current assets</b>					
Property, plant and equipment	11		296,894		316,479
<b>Current assets</b>					
Trade and other receivables	12	9,406,597		10,472,620	
Cash and cash equivalents		506,270		634,467	
		9,912,867		11,107,087	
<b>Current liabilities</b>	13	(9,525,925)		(11,468,548)	
<b>Net current assets/(liabilities)</b>			386,942		(361,461)
<b>Total assets less current liabilities</b>			683,836		(44,982)
<b>Non-current liabilities</b>	13		(385,299)		(629,375)
<b>Net assets/(liabilities)</b>			298,537		(674,357)
<b>Equity</b>					
Called up share capital	17		3,912,791		3,912,791
Capital contribution reserve			125,308		125,308
Retained earnings			(3,739,562)		(4,712,456)
<b>Total equity</b>			298,537		(674,357)

The financial statements were approved by the board of directors and authorised for issue on 29 September 2021 and are signed on its behalf by:



Mr S A J Lowndes  
Director

Company Registration No. 01535245

# INFORMATION SERVICES GROUP EUROPE LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £	Capital contribution reserve £	Retained earnings £	Total £
<b>Balance at 1 January 2019</b>	3,912,791	125,308	(4,708,055)	(669,956)
<b>Year ended 31 December 2019:</b>				
Loss and total comprehensive income for the year	-	-	(4,401)	(4,401)
<b>Balance at 31 December 2019</b>	3,912,791	125,308	(4,712,456)	(674,357)
<b>Year ended 31 December 2020:</b>				
Profit and total comprehensive income for the year	-	-	959,019	959,019
Adjustment in respect of employee share schemes	-	-	13,875	13,875
<b>Total comprehensive income for the year</b>	-	-	972,894	972,894
<b>Balance at 31 December 2020</b>	3,912,791	125,308	(3,739,562)	298,537

# INFORMATION SERVICES GROUP EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **1 Accounting policies**

#### **Company information**

Information Services Group Europe Limited is a private company limited by shares incorporated in England and Wales. The registered office is Hays House, Millmead, Guildford, Surrey, GU2 4HJ. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, except for the revaluation of . The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Information Services Group, Inc. The group accounts of Information Services Group, Inc are available to the public.

#### **1.2 Going concern**

The company monitors cash flow as part of its control procedures. The directors consider cash flow projections on a monthly basis and ensure that appropriate facilities are available to be drawn upon as necessary.

Based upon the activity levels forecast and confirmation that sufficient financial support will be provided by the ultimate parent company, the directors consider that the company will be able to maintain its cash at bank resources through the period that is twelve months from the date of approval of these financial statements.

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

# INFORMATION SERVICES GROUP EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### 1.3 Revenue

The nature, timing of satisfaction of performance obligations and significant payment terms of the company's major sources of revenue are as follows:

Revenue is recognised for the sale of services by applying the following five steps: (1) identify the contract with the customer; (2) identify the performance obligation(s) in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation(s); and (5) recognise revenue when (or as) the Company satisfies the performance obligations.

The Company principally derives revenues from fees for services generated on a project by project basis. Prior to the commencement of a project, the Company reaches agreement with the client on rates for services based upon the scope of the project, staffing requirements and the level of client involvement. It is the Company's policy to obtain written agreements from clients prior to performing services. In these agreements, the clients acknowledge that they will pay based upon the amount of time spent on the project or an agreed upon fee structure. In instances where substantive acceptance provisions are specified in customer contracts, revenues are deferred until all acceptance criteria have been met.

Revenues for time and materials contracts are recognised based on the number of hours worked by our advisors at an agreed upon rate per hour and are recognised in the period in which services are performed. Revenues for time and materials contracts are billed monthly, semi-monthly or in accordance with the specific contractual terms of each project.

Revenues related to fixed fee or capped fee contracts are recognised into revenue as value is delivered to the customer, consistent with the transfer of control to the customer over time. Revenue for these contracts is recognised proportionally over the term of the contract using an input method based on the proportion of labour hours incurred as compared to the total estimated labour hours for the project, which we consider the best available indicator of the pattern and timing in which contract obligations are fulfilled and control transfers to the customer. The percentage is multiplied by the contracted amount of the project to determine the amount of revenue to recognise in an accounting period. The contracted amount used in this calculation typically excludes the amount the client pays for reimbursable expenses. There are situations where the number of hours to complete projects may exceed our original estimate as a result of an increase in project scope or unforeseen events.

##### 1.4 Intangible assets other than goodwill

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of two and a half years, on a straight-line basis.

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

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

# INFORMATION SERVICES GROUP EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	3 years straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### 1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Cash and cash equivalents

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

#### 1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

# INFORMATION SERVICES GROUP EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### ***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

#### ***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

#### ***Financial assets at fair value through other comprehensive income***

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

#### ***Impairment of financial assets***

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.



# INFORMATION SERVICES GROUP EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### 1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

##### **Other financial liabilities**

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

##### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### 1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

# INFORMATION SERVICES GROUP EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.14 Share-based payments

Equity-settled share-based payments are measured at market value at the date of grant by reference to the US stock exchange. The market value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the shares granted that will eventually vest. A corresponding adjustment is made to equity.

#### 1.15 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

#### 1.16 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

#### 1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 1.18 Amounts recoverable on contracts

Where revenue recognised exceeds progress billings, the balance is recognised as accrued income within trade and other receivables. Where progress billings exceed revenue recognition recognised, the balance is recognised as deferred income within trade and other payables.

### 2 Adoption of new and revised standards and changes in accounting policies

In the current year, there were no new and revised Standards and Interpretations that had been adopted by the company which had an effect on the current period or future periods.

# INFORMATION SERVICES GROUP EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### **Key sources of estimation uncertainty**

##### **Revenue recognition**

Revenues related to fixed-price contracts for application development and systems integration services, consulting or other technology services are recognised as the service is performed using the cost to cost method, under which the total value of revenues is recognised on the basis of the percentage that each contract's total labour cost to date bears to the total expected labour costs. Revenues related to fixed-price application maintenance, testing and business process services are recognised using the cost to cost method, if the right to invoice is not representative of the value being delivered. The cost to cost method requires estimation of future costs, which is updated as the project progresses to reflect the latest available information.

Such estimates and changes in estimates involve the use of judgment. The cumulative impact of any revision in estimates is reflected in the financial reporting period in which the change in estimate becomes known and any anticipated losses on contracts are recognised immediately. Changes in estimates of such future costs and contract losses were immaterial to the results of operations for the periods presented.

Further, we include in the transaction price variable consideration only to the extent it is probable that a significant reversal of revenues recognised will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us. Our estimates of variable consideration were immaterial to the results of operations for the periods presented.

##### **Recoverability of debtors and unbilled revenue**

Management make an estimate on the recoverability of debtors and unbilled revenue at the year end. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

# INFORMATION SERVICES GROUP EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 4 Revenue

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and the company is therefore exempt from the requirement to disclose a geographic analysis of revenue.

#### Contract assets

A contract asset is a right of consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on fixed-price contracts utilising the cost to cost method of revenue recognition.

	2020	2019
	£	£
Unbilled revenue	1,558,457	3,351,198

#### Contract liabilities

Contract liabilities primarily relate to customer advances on certain projects.

	2020	2019
	£	£
Fees received in advance	88,235	177,407

### 5 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	31,488	54,971
Coronavirus job retention scheme grant	(32,079)	-
Fees payable to the company's auditor for the audit of the company's financial statements	20,100	17,000
Depreciation of property, plant and equipment	162,965	92,468
Loss on disposal of property, plant and equipment	291	-

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Project related	49	51

# INFORMATION SERVICES GROUP EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 Employees

(Continued)

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	5,858,655	6,391,255
Social security costs	667,213	680,103
Pension costs	254,481	273,738
	<u>6,780,349</u>	<u>7,345,096</u>

### 7 Directors' remuneration

The remuneration of all of the directors was borne by other group subsidiaries which make no recharge to the company. The directors are also directors of a number of fellow group subsidiaries and it is not possible to make an accurate apportionment of their remuneration in respect of each of the other companies that they are a director of. Total directors' remuneration is disclosed in the annual financial statements of ISG (Group Services) Limited.

### 8 Finance costs

	2020 £	2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	<u>229,096</u>	<u>243,876</u>

# INFORMATION SERVICES GROUP EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 9 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax for the year	-	-
<b>Total UK current tax</b>	-	-

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2020 £	2019 £
Profit/(loss) before taxation	959,019	(4,401)
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2019: 19.00%)	182,214	(836)
Effect of expenses not deductible/(Income not taxable) in determining taxable profit	(11,016)	(27,737)
Utilisation of tax losses not previously recognised	(212,181)	-
Unutilised tax losses carried forward	43,528	-
Group relief surrendered	-	70,706
Movement in deferred tax not recognised	(2,545)	(42,133)
<b>Taxation charge for the year</b>	-	-

The Company has tax trading losses carried forward of £59,744 (2019: £983,635).

# INFORMATION SERVICES GROUP EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 10 Intangible fixed assets

Software  
£

**Cost**

At 31 December 2019 9,065

At 31 December 2020 9,065

**Amortisation and impairment**

At 31 December 2019 9,065

At 31 December 2020 9,065

**Carrying amount**

At 31 December 2020 -

At 31 December 2019 -

### 11 Property, plant and equipment

Computer  
equipment  
£

**Cost**

At 31 December 2019 416,703

Additions 144,421

Disposals (2,313)

At 31 December 2020 558,811

**Accumulated depreciation and impairment**

At 31 December 2019 100,224

Charge for the year 162,965

Eliminated on disposal (1,272)

At 31 December 2020 261,917

**Carrying amount**

At 31 December 2020 296,894

At 31 December 2019 316,479

# INFORMATION SERVICES GROUP EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Trade and other receivables

	2020 £	2019 £
Trade receivables	3,706,137	5,052,926
Amounts owed by fellow group undertakings	5,666,115	5,354,056
Other receivables	-	4,980
Prepayments and accrued income	34,345	60,658
	<u>9,406,597</u>	<u>10,472,620</u>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

### 13 Liabilities

		Current 2020 £	2019 £	Non-current 2020 £	2019 £
	Notes				
Trade and other payables	14	9,078,707	11,118,828	385,299	629,375
Taxation and social security		447,218	349,720	-	-
		<u>9,525,925</u>	<u>11,468,548</u>	<u>385,299</u>	<u>629,375</u>

### 14 Trade and other payables

	Current 2020 £	2019 £	Non-current 2020 £	2019 £
Trade payables	299,938	354,598	-	-
Amounts owed to fellow group undertakings	7,696,330	9,827,635	-	-
Accruals and deferred income	730,283	579,681	-	-
Other payables	352,156	356,914	385,299	629,375
	<u>9,078,707</u>	<u>11,118,828</u>	<u>385,299</u>	<u>629,375</u>

Amounts owed to group undertakings include a loan of £5,723,007 (2019 - £7,970,140) due to ISG (Group Services) Limited and a loan of £411,252 (2019 - £197,985) due to Information Services Group Netherlands B.V. Both loans incur interest at LIBOR plus 3.5% per annum calculated on a daily basis and are repayable on demand. The remaining amounts owed to group companies are unsecured, interest free and are repayable on demand.

### 15 Retirement benefit schemes

#### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £254,481 (2019 - £273,738).



# INFORMATION SERVICES GROUP EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 16 Share-based payment transactions

Certain of the Company's employees are awarded restricted stock units in Information Services Group Inc., a company based in the USA. Information Services Group Inc. currently issues restricted stock units under the 2007 Equity Incentive Plan.

#### Restricted Stock Units

The charge in respect of restricted stock units is calculated as the fair value on date of grant multiplied by the number of restricted stock units awarded spread over the vesting period. Restricted stock units of 33,407 shares were awarded in 2020 (2019 - 48,250). The average share price on grant date was £1.77 (2019 - £2.98).

	Number of share options		Weighted average exercise price	
	2020	2019	2020 £	2019 £
Outstanding at 1 January 2020	79,395	61,562	3.02	1.94
Granted in the period	33,407	48,250	1.77	2.98
Vested and released	(105,340)	(30,417)	2.70	3.10
Outstanding at 31 December 2020	<u>7,462</u>	<u>79,395</u>	<u>1.86</u>	<u>3.02</u>
Exercisable at 31 December 2020	<u>3,044</u>	<u>60,553</u>	<u>1.86</u>	<u>3.02</u>

The total charge for the year relating to restricted stock units was £13,875.

17 Share capital	2020 £	2019 £
<b>Ordinary share capital</b>		
<i>Issued and fully paid</i>		
10,000 Ordinary shares of £1 each	10,000	10,000
3,902,791 Redeemable shares of £1 each	<u>3,902,791</u>	<u>3,902,791</u>
	<u>3,912,791</u>	<u>3,912,791</u>

The redeemable shares are redeemable at par, at the option of the Company, and are not entitled to receive notice of, attend or vote at general meetings. The redeemable shares rank equally with the ordinary shares in respect of dividends and return of capital.

### 18 Related party transactions

The Company is a wholly owned subsidiary of Information Services Group, Inc. and the Company has taken advantage of the exemption provided by FRS 101 from disclosing related party transactions with other wholly owned entities.

# INFORMATION SERVICES GROUP EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2020*

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### 19 Controlling party

The Company's immediate parent undertaking is Information Services Group Netherlands B.V., a company registered in the Netherlands.

The company's ultimate parent undertaking and its controlling party is Information Services Group, Inc., a company registered in the United States of America. The consolidated financial statements of Information Services Group, Inc. are available at 2187 Atlantic Street, Stamford, CT 06902, USA. No other group financial statements include the results of the company.