

Registered number: 04375623

Arthur D. Little Limited
Annual Report
FOR THE YEAR ENDED 31 DECEMBER 2022

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ARTHUR D. LITTLE LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| Directors | N B White I A Garcia Alves F Duval |
| Registered number | 04375623 |
| Registered office | 55 Fetter Lane 2nd Floor New Fetter Place West London EC4A 1AA |
| Independent auditor | Mazars LLP Chartered Accountants and Statutory Auditor 2nd Floor 6 Sutton Plaza Sutton Court Road Sutton SM1 4FS |

ARTHUR D. LITTLE LIMITED

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ARTHUR D. LITTLE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their Strategic Report for the year ended 31 December 2022.

The principal activity of Arthur D. Little Limited ("ADL") is that of a global management consultancy firm which links strategy, innovation and technology to master complex business challenges while delivering sustainable results to our clients.

ADL has a collaborative client management style, exceptional people and a firm wide commitment to quality and integrity. ADL is proud to serve many of the Fortune 100 companies globally in addition to many other leading firms in a wide variety of industries and public sector organisations.

Business review

ADL revenues increased by around 15.5%, from £15.5 million to £18.1 million, but profits were severely impaired by increased travel costs and the end of one particularly large client contract which was not fully replaced. Operating profit was only £17,595 compared with £1,110,771 in the prior period. Net loss before tax was £8,367 (2021: profit of £1,102,284).

Financial key performance indicators ("KPIs")

The board monitors the progress of the company by reference to the following KPIs:

| | 2022 | 2021 |
|---------------------|------------|------------|
| Gross Profit | £3,972,264 | £5,157,697 |
| Gross Profit Margin | 22% | 33% |
| Operating profit | £17,595 | £1,110,771 |
| EBITDA | £118,824 | £1,189,219 |

Principal risks and uncertainties

In addition to the normal business risks there are specific risks which the Directors need to consider. Where possible, travel is avoided, though we note an increase in travel during and since Q4 2022. The Directors monitor the situation carefully.

Staff resources

The directors work to carefully match staffing resources to demand for services. The directors remain mindful of the need to expand numbers of personnel with caution whilst remaining fully capable of servicing the requirements of clients. Staff additions are linked closely to successful sales activities.

ARTHUR D. LITTLE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Financial risks

Treasury management including currency and interest rate hedging is undertaken as part of the overall risk management strategy of the Group. There are currently no currency or interest rate hedges at the company level.

The company's principal financial assets are bank balance and trade debtors. The company has limited exposure to credit risk from concentration of its debtors as the amounts are spread over a large number of customers. The amounts presented in the Statement of financial position are net of provisions for doubtful debts.


The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The price risk is limited because the company must negotiate contracts which are favourable to the company. A key risk to sustaining the growth of the company is the securing of the new contracts and the nurturing of existing relationships with clients.

Future developments

The directors do not anticipate any significant changes to the operations of the company and the company is expected to maintain its principal activity for the foreseeable future.

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


Nick White (Nov 1, 2023 11:29 GMT)

N B White
Director

Date: Nov 1, 2023

ARTHUR D. LITTLE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including FRS 102 (United Kingdom Generally Accepted Accounting Practice), 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements 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;
- prepare the audited 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 to enable them to ensure that the audited 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.

Principal activity

The principal activity of the company is that of a global management consultancy firm which links strategy, innovation and technology to master complex business challenges while delivering sustainable results to clients.

Results and dividends

The loss for the year, after taxation, amounted to £8,367 (2021: profit of £884,301).

During the year, a dividend of £500,000 was paid, and the directors do not recommend a final dividend for the year (2021: £500,000).

Directors

The directors who served during the year and up to the date of this report were:

N B White
I A Garcia Alves
F Duval

ARTHUR D. LITTLE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Qualifying third party indemnity provisions

The directors benefit from a qualifying indemnity provision in the form permitted by the Section 234 of the Companies Act 2006 in respect of certain third party actions against directors. No claim or notice of claim in respect of these indemnities has been received in the year. The qualifying indemnity provision was in force throughout the financial year and up to the date of approval of the Directors' Report.

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 to 2. These matters relate to business review and future developments.

Going concern

The company was not profitable for the year and at the year-end has net current assets. Whilst the directors acknowledge the future risks presented by the withdrawal of the UK from the EU and the economic headwinds which are being experienced, the directors do consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the financial statements have been prepared on the going concern basis.

Provision of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the 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 auditor is aware of that information.


Post balance sheet events

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

Auditor

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

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


Nick White (Nov 1, 2023 11:29 GMT)

N B White
Director

Date: Nov 1, 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTHUR D. LITTLE LIMITED

Opinion

We have audited the financial statements of Arthur D. Little Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTHUR D. LITTLE LIMITED

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 the audit:

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

Matters on which we are required to report by exception

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTHUR D. LITTLE LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTHUR D. LITTLE LIMITED

Our audit procedures in relation to fraud included but were not limited to:


- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.


Gerhard Bonthuys (Nov 9, 2023 13:16 GMT)

Gerhard Bonthuys (Senior Statutory Auditor)

For and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
2nd Floor
6 Sutton Plaza
Sutton Court Road
Sutton
SM1 4FS

Date: Nov 9, 2023

ARTHUR D. LITTLE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Note | 2022 £ | 2021 £ |
|--|------|------------------|------------------|
| Turnover | 3 | 18,058,941 | 15,496,765 |
| Cost of sales | | (14,086,677) | (10,339,068) |
| Gross profit | | 3,972,264 | 5,157,697 |
| Administrative expenses | | (5,657,040) | (5,367,375) |
| Other operating income | 4 | 1,702,371 | 1,320,449 |
| Operating profit | 5 | 17,595 | 1,110,771 |
| Interest payable and expenses | 9 | (25,962) | (8,487) |
| (Loss)/profit before tax | | (8,367) | 1,102,284 |
| Tax on (loss)/profit | 10 | - | (217,983) |
| (Loss)/profit for the financial year | | (8,367) | 884,301 |
| Other comprehensive income for the year | | | |
| Total comprehensive income for the year | | (8,367) | 884,301 |

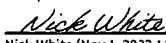
The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 12 to 26 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

| | Note | 2022 £ | 2021 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Intangible fixed assets | 11 | 6,068 | 14,159 |
| Tangible fixed assets | | 240,675 | 246,948 |
| | | <u>246,743</u> | <u>261,107</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 13 | 5,969,432 | 5,705,327 |
| Bank & cash balances | | 1,587,469 | 1,469,155 |
| | | <u>7,556,901</u> | <u>7,174,482</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 14 | (5,637,836) | (4,761,414) |
| Net current assets | | <u>1,919,065</u> | <u>2,413,068</u> |
| Total assets less current liabilities | | <u>2,165,808</u> | <u>2,674,175</u> |
| Net assets | | <u>2,165,808</u> | <u>2,674,175</u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 100,000 | 100,000 |
| Profit and loss account | 17 | 2,065,808 | 2,574,175 |
| Total equity | | <u>2,165,808</u> | <u>2,674,175</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on Nov 1, 2023.


Nick White (Nov 1, 2023 11:29 GMT)

N B White
Director

The notes on pages 12 to 26 form part of these financial statements.

ARTHUR D. LITTLE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|---------------------------------|-------------------|
| At 1 January 2021 | 100,000 | 2,189,874 | 2,289,874 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 884,301 | 884,301 |
| | <hr/> | <hr/> | <hr/> |
| Other comprehensive income for the year | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the year | - | 884,301 | 884,301 |
| Dividend paid | - | (500,000) | (500,000) |
| | <hr/> | <hr/> | <hr/> |
| At 1 January 2022 | 100,000 | 2,574,175 | 2,674,175 |
| Comprehensive income for the year | | | |
| Loss for the year | - | (8,367) | (8,367) |
| | <hr/> | <hr/> | <hr/> |
| Other comprehensive income for the year | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the year | - | (8,367) | (8,367) |
| Transactions with owners | | | |
| Dividend paid | - | (500,000) | (500,000) |
| | <hr/> | <hr/> | <hr/> |
| Total transactions with owners | - | (500,000) | (500,000) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2022 | 100,000 | 2,065,808 | 2,165,808 |

The notes on pages 12 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

Arthur D. Little Limited (the "company") is a private company limited by shares, incorporated in and registered in England. The address of its registered office and principal place of business is 55 Fetter Lane, 2nd Floor, New Fetter Place West, London, EC4A 1AA.

The principal activity of the company is that of a global management consultancy firm which links strategy, innovation and technology to master complex business challenges while delivering sustainable results to clients.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment in which the company operates and are rounded to the nearest pound.

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 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 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Arthur D. Little Partnership SRL as at 31 December 2022 and these financial statements may be obtained from Arthur D. Little Partnership SRL, Rue des Colonies 56, 1000 Brussels, Belgium.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.3 Foreign currency translation

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 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 'administrative expenses'.

2.4 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.5 Going concern

The company was not profitable for the year but at the year-end still had net current assets. Whilst the directors acknowledge the future risks presented by the withdrawal of the UK from the EU and the economic headwinds which are being experienced, the directors do consider that the company has adequate resources to continue in the operational existence for the foreseeable future. The company has written confirmation of financial support from the parent company for a period of 12 months from the date of approval of the financial statements in the event that the company required its support. Accordingly the financial statements have been prepared on the going concern basis.

2.6 Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the Statement of financial position date, turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from clients in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

| | |
|-------------------|-------------------------|
| Computer software | - 3 years straight line |
|-------------------|-------------------------|

2.8 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 are as follows:

| | |
|---------------------|-------------------------------|
| Fixtures & fittings | - 2 to 10 years straight line |
| Office equipment | - 3 years straight line |

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 in profit or loss.

2.9 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits receivable as operating lease incentives are recognised within profit and loss on a straight-line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.10 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and other third parties, and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

2.12 Interest payable and similar expenses

Finance costs are charged to profit or loss 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.

2.13 Interest receivable and similar income

Interest income is recognised in profit or loss using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.14 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 payment obligations. The assets of the plan are held separately from the company in independently administered funds.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid at the reporting date are shown in creditors in the Statement of financial position.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge 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 reporting 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 Statement of financial position 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 reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.16 Debt factoring

The company enters into factoring arrangements in respect of certain trade debtors with third party providers. These arrangements facilitate working capital by accelerating cash receipts.

The arrangements do not result in the transfer of credit risk and the ultimate risks and rewards associated with the trade debtors remain with the company. As such the company continues to recognise these items in the Statement of financial position until they are settled or expire.

A liability is recognised in respect of advances and other amounts owing to factoring parties.

Assets and liabilities associated with these arrangements are not offset and are measured in accordance with the accounting policies for financial instruments as set out in the financial instruments accounting policy.

Interest arising on factoring liabilities is recognised within profit or loss within interest payable as it accrues using the effective interest rate. Other fees payable in respect of the arrangements are recognised in profit or loss within administrative expenses in the period to which they relate.

3. Turnover

All turnover is attributable to services rendered.

Analysis of turnover by country of destination:

| | 2022 £ | 2021 £ |
|-------------------|-------------------|-------------------|
| United Kingdom | 9,965,743 | 6,559,077 |
| Rest of Europe | 2,778,969 | 1,661,649 |
| Rest of the World | 5,314,229 | 7,276,039 |
| | <u>18,058,941</u> | <u>15,496,765</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Other operating income

All other operating income is attributable to rebilled disbursements.

| | 2022 £ | 2021 £ |
|------------------------|------------------|------------------|
| Other operating income | 1,702,371 | 1,320,449 |
| | <u>1,702,371</u> | <u>1,320,449</u> |

5. Operating profit

The operating profit/(loss) is stated after charging/(crediting):

| | 2022 £ | 2021 £ |
|---------------------------------------|---------------|----------------|
| Depreciation of tangible fixed assets | 93,144 | 56,310 |
| Exchange differences | (220,746) | 30,792 |
| Other operating lease rentals | 20,250 | 226,085 |
| | <u>20,250</u> | <u>226,085</u> |

6. Auditor's remuneration

| | 2022 £ | 2021 £ |
|--|--------------|--------------|
| Fees payable to the company's auditor for the audit of the company's annual accounts | 13,120 | 12,320 |
| Fees payable to the company's auditor and its associates in respect of: | | |
| All other services | <u>7,950</u> | <u>5,500</u> |

ARTHUR D. LITTLE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2022 £ | 2021 £ |
|-------------------------------------|-------------------|-------------------|
| Wages and salaries | 9,568,325 | 8,807,562 |
| Social security costs | 1,082,228 | 837,844 |
| Cost of defined contribution scheme | 644,484 | 543,158 |
| | <u>11,295,037</u> | <u>10,188,564</u> |

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

| | 2022 No. | 2021 No. |
|----------------|-------------|-------------|
| Consultants | 69 | 60 |
| Administration | 17 | 16 |
| | <u>86</u> | <u>76</u> |

8. Directors' remuneration

One director received remuneration from the company during the year.

| | 2022 £ | 2021 £ |
|-----------------------|----------------|----------------|
| Director's emoluments | 627,394 | 417,204 |
| | <u>627,394</u> | <u>417,204</u> |

The highest paid director received remuneration of £627,394 (2021: £417,204).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2021: £nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Interest payable and similar expenses

| | 2022 £ | 2021 £ |
|------------------------|------------------|------------------|
| Other interest payable | 25,962 | 8,487 |
| | 25,962 | 8,487 |

10. Taxation

| | 2022 £ | 2021 £ |
|--|------------------|------------------|
| Corporation tax | | |
| Current tax on (losses)/profits for the year | - | 238,622 |
| Adjustments in respect of previous periods | - | 562 |
| | - | 239,184 |
| Foreign tax | | |
| Foreign tax on income for the year | - | 168 |
| Total current tax | - | 239,352 |
| Deferred tax | | |
| Origination and reversal of timing differences | - | (21,369) |
| Total deferred tax | - | (21,369) |
| Taxation on profit on ordinary activities | - | 217,983 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| (Loss)/profit on ordinary activities before tax | (8,367) | 1,102,284 |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | (1,590) | 209,434 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 1,086 | 170 |
| Adjustments to tax charge in respect of prior periods | - | 197 |
| Adjustment to tax charge in respect of previous periods - deferred tax | - | 27,602 |
| Adjustments to brought forward values | 2,296 | - |
| Fixed Asset differences | (1,792) | (8,126) |
| Amounts relating to other comprehensive income | - | 531 |
| Remeasurement of deferred tax for changes in tax rate | - | (11,825) |
| Total tax charge for the year | - | 217,983 |

ARTHUR D. LITTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Intangible assets

| | Computer software £ |
|-------------------------------------|---------------------------|
| Cost | |
| At 1 January 2022 | 48,266 |
| At 31 December 2022 | <u>48,266</u> |
| Amortisation | |
| At 1 January 2022 | 34,108 |
| Charge for the year on owned assets | 8,090 |
| At 31 December 2022 | <u>42,198</u> |
| Net book value | |
| At 31 December 2022 | <u>6,068</u> |
| At 31 December 2021 | <u>14,159</u> |

ARTHUR D. LITTLE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Tangible fixed assets

| | Fixtures & fittings £ | Office equipment £ | Total £ |
|-------------------------------------|-----------------------------|--------------------------|----------------|
| Cost | | | |
| At 1 January 2022 | 311,448 | 317,159 | 628,607 |
| Additions | 10,125 | 76,746 | 86,871 |
| At 31 December 2022 | <u>321,573</u> | <u>393,905</u> | <u>715,478</u> |
| Depreciation | | | |
| At 1 January 2022 | 153,971 | 227,688 | 381,659 |
| Charge for the year on owned assets | 35,109 | 58,035 | 93,144 |
| At 31 December 2022 | <u>189,080</u> | <u>285,723</u> | <u>474,803</u> |
| Net book value | | | |
| At 31 December 2022 | <u>132,493</u> | <u>108,182</u> | <u>240,675</u> |
| At 31 December 2021 | <u>157,476</u> | <u>89,471</u> | <u>246,947</u> |

13. Debtors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 2,279,294 | 2,530,336 |
| Amounts owed by group undertakings | 3,324,188 | 2,363,753 |
| Other debtors | 86,700 | 302,194 |
| Prepayments and accrued income | 229,978 | 459,772 |
| Deferred taxation | 49,272 | 49,272 |
| | <u>5,969,432</u> | <u>5,705,327</u> |

Amounts owed by group undertakings relate to trading accounts, do not accrue interest, are not secured and have no fixed repayment date.

Trade debtors includes a provision for bad debts of £62,230 (2021: £62,230).

ARTHUR D. LITTLE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Creditors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------------|------------------|------------------|
| Payments received on account | 160,654 | 175,150 |
| Trade creditors | 1,519,484 | 1,160,609 |
| Amounts owed to group undertakings | 1,160,359 | 246,859 |
| Corporation tax | - | 86,284 |
| Other taxation and social security | 505,891 | 421,718 |
| Other creditors | 614,561 | 186,002 |
| Accruals and deferred income | 1,676,887 | 2,484,792 |
| | <u>5,637,836</u> | <u>4,761,414</u> |

Amounts owed to group undertakings do not incur interest, are not secured and have no fixed repayment date.

15. Deferred taxation

| | 2022 £ | 2021 £ |
|---|----------------------|----------------------|
| At beginning of year | 49,272 | 27,904 |
| Charged to the profit or loss (note 11) | - | 21,368 |
| At end of year | <u>49,272</u> | <u>49,272</u> |

The deferred tax asset is made up as follows:

| | 2022 £ | 2021 £ |
|--------------------------------|---------------|---------------|
| Accelerated capital allowances | 49,272 | 49,272 |
| | <u>49,272</u> | <u>49,272</u> |

There are no unused tax losses or unused tax credits.

ARTHUR D. LITTLE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Share capital

| | 2022 £ | 2021 £ |
|--|----------------|----------------|
| Allotted, called up and fully paid | | |
| 100,000 (2021 - 100,000) ordinary shares of £1.00 each | <u>100,000</u> | <u>100,000</u> |

The ordinary shares entitle the holder of each to one voting right and no right to fixed income.

17. Reserves**Profit and loss account**

This reserve represents the cumulative profits and losses of the company.

18. Commitments under operating leases

At 31 December 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2022 £ | 2021 £ |
|--|----------------|----------------|
| Not later than 1 year | 249,380 | 183,313 |
| Later than 1 year and not later than 5 years | 396,405 | 645,785 |
| | <u>645,785</u> | <u>829,098</u> |

19. Related party transactions

At 31 December 2022, the company was a wholly owned subsidiary of Arthur D. Little Partnership SRL, and as such has taken advantage of the exemption permitted by Section 33 'Related party disclosures' not to provide disclosures of transactions entered into with other wholly owned members of the group.

20. Parent undertaking and ultimate controlling party

The immediate parent undertaking of the company is Arthur D. Little Services SAS, a company incorporated and registered in France.

The ultimate controlling party of the company is Arthur D. Little Partnership SRL, a company incorporated and registered in Belgium. The financial statements of Arthur D. Little Partnership SRL are those of the smallest and largest group into which the financial statements of the company are consolidated. Copies of these financial statements are available from Arthur D. Little Partnership SRL, Rue des Colonies 56, 1000 Brussels, Belgium.

ARTHUR D. LITTLE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Post balance sheet events

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