

**Temasek International (Europe) Limited**

**Annual report and financial statements**

**Year ended 31 March 2018**

**Registered number 08534289**

WEDNESDAY



\*A7AG584B\*

A06

18/07/2018

#156

COMPANIES HOUSE

## **Contents**

Strategic report	1
Directors' report	2
Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements	3
Independent auditor's report to the members of Temasek International (Europe) Limited	4 - 5
Income Statement	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the financial statements	10 - 20

**DIRECTORS AND ADVISERS**

**Directors**

Goh Bee Kheng (Grace)  
Jaffe Daniel Marc Richard, Intertrust (UK) Limited

**Secretary**

Intertrust (UK) Limited  
35 Great St Helen's  
London  
EC3A 6AP

**Registered office**

23 King Street  
London  
SW1Y 6QY

**Auditor**

KPMG LLP  
15 Canada Square,  
London  
E14 5GL

**Tax adviser**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

**Accountants**

Smith & Williamson LLP  
25 Moorgate  
London  
EC2R 6AY

## Strategic report

The directors present the Strategic report together with the audited financial statements of Temasek International (Europe) Limited (the "Company") for the year ended 31 March 2018.

### Principal activities and business review

The Company was established as a private limited company incorporated and domiciled in England and Wales. The Company provides consulting and research services to its affiliate, Temasek Pte. Ltd.

### Future developments

The directors do not anticipate any changes to the nature of the Company's business in the near future.

### Results

The Company's results for the year are detailed in the Income Statement on page 6.

### Key performance indicators, principal risks, uncertainties and risk management

The profit for the year ended 31 March 2018 of £1,877,286 (2017: £1,514,269) increased by 1.24 times during the year. This is due to increase in headcount and the corresponding costs, which lead to an increase in revenue earned on consultancy services provided.

The Company recharges all its operating expenses to its parent company at cost plus a mark-up rate. The Company has no exposure to foreign exchange rates due to the fact that all transactions with its parent company are settled in GBP. As such the directors are of the opinion that there are no significant risks and uncertainties.

Further detail on financial risk management is set in note 13.

By the order of the board

  
Daniel Marc Richard Jaffe  
Director

23 King Street  
London  
SW1Y 6QY  
Date: 12.02.2018

## **Directors' report**

The directors present their report and accounts for the year ended 31 March 2018.

### **General information**

Temasek International (Europe) Limited (the "Company") is a company limited by shares, incorporated, domiciled and registered in England and Wales. The registered number is 08534289 and the registered address of the office is 23 King Street, London, SW1Y 6QY.

### **Results for the year and dividends**

The profit for the year after taxation was £1,877,286 (2017: £1,514,269). The directors do not recommend the payment of a dividend (2017: £nil).

### **Directors**

The directors who held office during the period were as follows:

Goh Bee Kheng (Grace)

Daniel Marc Richard Jaffe, Intertrust (UK) Limited (appointed 22 March 2018)

Maurice Alexander Kalsbeek, Intertrust (UK) Limited (resigned 22 March 2018)

### **Future developments**

The directors do not anticipate any material changes to the nature of the Company's business in the near future.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

A resolution to re-appoint the auditor, KPMG LLP, will be proposed at the next Annual General Meeting.

By order of the board



Daniel Marc Richard Jaffe  
*Director*

23 King Street  
London  
SW1Y 6QY  
Date: 12.07.2018

## **Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditors' report to the members of Temasek International (Europe) Limited**

We have audited the financial statements of Temasek International (Europe) Limited ("the Company") for the year ended 31 March 2018 which comprise the Income Statement, Balance sheet, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 1.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities and are independent of the Company in accordance with UK ethical requirements including the Financial Reporting Council Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

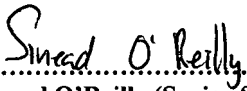
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

  
.....  
**Sinead O'Reilly (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square, London E14 5GL  
Date...12 July 2018



## **Income Statement**

*For the year ended 31 March 2018*

	Note	2018 £	2017 £
Revenue	2	26,035,218	20,407,576
<b>Total revenue</b>		<b>26,035,218</b>	<b>20,407,576</b>
Other operating income		10,800	913
Administrative expenses		(23,695,156)	(18,465,004)
<b>Operating profit and profit before tax</b>	3	<b>2,350,862</b>	<b>1,943,485</b>
Taxation	6	(473,576)	(429,216)
<b>Profit for the year representing total comprehensive income for the year</b>		<b>1,877,286</b>	<b>1,514,269</b>

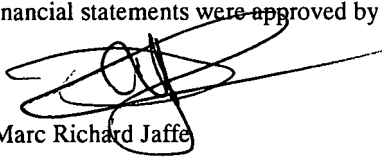
The notes on pages 10 to 20 form part of these financial statements.

**Balance Sheet**  
*As at 31 March 2018*

	Note	2018 £	2017 £
<b>Non-current assets</b>			
Property, plant and equipment	7	461,176	501,542
Deferred tax assets	8	18,425	21,786
		<b>479,601</b>	<b>523,328</b>
<b>Current assets</b>			
Trade and other receivables	9	5,240,856	4,265,618
Cash and cash equivalents	10	7,406,178	5,983,412
		12,647,034	10,249,030
<b>Total assets</b>		<b>13,126,635</b>	<b>10,772,358</b>
<b>Current liabilities</b>			
Trade and other payables	11	4,416,477	3,667,890
Tax payable		219,313	340,661
		<b>4,635,790</b>	<b>4,008,551</b>
<b>Non-current liabilities</b>			
Other payables	11	1,351,999	1,502,247
		<b>1,351,999</b>	<b>1,502,247</b>
<b>Total liabilities</b>		<b>5,987,789</b>	<b>5,510,798</b>
<b>Net assets</b>		<b>7,138,846</b>	<b>5,261,560</b>
<b>Equity</b>			
Share capital	12	2,000,001	2,000,001
Retained earnings		5,138,845	3,261,559
<b>Total equity</b>		<b>7,138,846</b>	<b>5,261,560</b>

The notes on pages 10 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on 12 July 2018 and were signed on its behalf by:

  
Daniel Marc Richard Jaffe  
Director

Company registered number: 08534289

## Statement of Changes in Equity

	Share capital £	Retained earnings £	Total equity £
At 1 April 2016	2,000,001	1,747,290	3,747,291
Profit for the year representing total comprehensive income for the year	-	1,514,269	1,514,269
<b>Balance at 31 March 2017 and at 01 April 2017</b>	<b>2,000,001</b>	<b>3,261,559</b>	<b>5,261,560</b>
Profit for the year representing total comprehensive income for the year	-	1,877,286	1,877,286
<b>Balance at 31 March 2018</b>	<b>2,000,001</b>	<b>5,138,845</b>	<b>7,138,846</b>

The notes on pages 10 to 20 form part of these financial statements.

**Cash Flow Statement**  
**For the year ended 31 March 2018**

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Profit after tax		1,877,286	1,514,269
Adjustments for:			
Depreciation of property, plant and equipment	3	284,425	361,796
Disposal of assets		-	1,882
Taxation		473,576	429,216
		<u>2,635,287</u>	<u>2,307,163</u>
Increase in trade and other receivables	9	(975,238)	(1,138,034)
Increase in trade and other payables	11	748,587	1,297,118
Movement in operating lease obligations		(150,248)	(130,371)
Tax paid		<u>(591,563)</u>	<u>(333,177)</u>
<b>Net cash from operating activities</b>		<b>1,666,825</b>	<b>2,002,699</b>
<b>Cash flows used in investing activities</b>			
Acquisition of property, plant and equipment	7	(244,059)	(34,057)
<b>Net cash used in investing activities</b>		<b>(244,059)</b>	<b>(34,057)</b>
<b>Net cash used in financing activities</b>		<b>-</b>	<b>-</b>
Net increase in cash and cash equivalents		1,422,766	1,968,642
Cash and cash equivalents at the beginning of the year	10	5,983,412	4,014,770
<b>Cash and cash equivalents at end of the year</b>		<b><u>7,406,178</u></b>	<b><u>5,983,412</u></b>

The notes on pages 10 to 20 form part of these financial statements.

## **Notes to the financial statements** *(forming part of the financial statements)*

### **1 Accounting policies**

Temasek International (Europe) Limited (the “Company”) is a company limited by shares, incorporated, domiciled and registered in England and Wales. The registered number is 08534289 and the registered address of the office is 23 King Street, London, SW1Y 6QY.

The Company’s financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“IFRS”) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### **1.1 Basis of preparation**

The financial statements are prepared under the historical cost convention.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they have adopted the going concern basis of accounting in preparing the annual financial statements.

#### **1.2 Foreign currency**

Transactions in foreign currencies are translated to the Company’s functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

#### **1.3 Non-derivative financial instruments**

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

##### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

## **Notes to the financial statements (continued)**

### **1 Accounting policies (continued)**

#### **1.4 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- Leasehold renovation 5 years
- Office equipment & computers 2 to 5 years
- Fixtures & Fittings 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### **1.5 Impairments**

##### *Financial assets (including receivables)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### **1.6 Employee benefits**

##### *a) Defined contribution plans*

The Company's obligations for contributions to defined contribution plans are recognised as an expense in the income statement.

##### *b) Short-term employee benefits*

The employees may receive annual variable performance bonuses from the previous financial year from the Company subject to factors such as financial performance as well as the achievement of individual, team and/or Company-wide annual performance targets. The payment of these bonuses will be made within 12 months after the financial year end. The quantum of the performance bonuses may be pro-rated if the length of service with the Company is less than one year and will be determined at the discretion of the Company. The Company accrues for such obligations as an expense during the period to which the bonus relates.

##### *c) Long-term employee benefits*

In addition to the incentives as disclosed elsewhere in the financial statements, employees may be awarded certain long term incentives established and operated by Temasek Pte. Ltd. ("Parent") and Temasek Holdings (Private) Limited, the ultimate holding company of the Parent (collectively known as "the Group"). The award of these long term incentives is at the discretion of the Group management in recognition of the employees' contribution to the Group performance. The Company recognises the expense when it is notified by the Group that an award under the scheme is payable to the employees. These long term incentive schemes include:

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### (i) Wealth Added Based Bonus ("WABB")

Certain employees may be entitled to awards under the Temasek 2011 Wealth-Added Based Bonus ("WABB") Plan ("Temasek 2011 WABB Plan") established and operated by the Parent, subject to the prevailing terms and conditions governing the Temasek 2011 WABB Plan; and

#### (ii) Temasek Staff Co-Investment Plans ("Scope Plans")

Certain employees may receive award of units granted under the Temasek Staff Co-Investment Plan ("T-Scope") and Temasek Restricted Staff Co-Investment Plan ("R-Scope") implemented by Temasek Holdings (Private) Limited ("Temasek Holdings"), the ultimate holding company of the Company. Vesting of T-scope is subject to performance conditions being met and other terms and conditions whereas R-Scope is not subject to performance conditions. The units confer the right, when exercised, to receive cash payments, the value of which is based on the compounded total shareholders' return of Temasek Holdings, as calculated in accordance with the provisions of the T-Scope and R-Scope respectively.

### 1.7 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

### 1.8 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of VAT and other sales related taxes.

Revenue is split into cost recovery income and service fee income. Cost recovery represents the recharge element of all the Company's operating expenses to its parent company; service fee income represents cost plus a mark-up at a rate of 11%.

### 1.9 Expenses

#### Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

### 1.10 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### 1.11 New Accounting Standards and Interpretations

The following IFRSs have been issued but have not been applied in the financial statements. The directors are in the process of assessing the impact of the new standards on the Company's financial position or performance.

- IFRS 9 "Financial instruments" are effective for reporting periods starting on or after 1 January 2018, the main impact being the impairment assessment methodology used to value our trade receivables. An assessment of the full impact of this standard is in progress.
- IFRS 15 "Revenue from contracts with customers" is effective for reporting periods starting on or after 1 January 2018, and is not expected to have a significant impact on the Company's revenues. The Company's sales are recharges of all its operating expenses to its parent company at cost plus a mark-up rate.
- IFRS 16 "Leases" will be effective for the year ending March 2019 onwards and the impact on the financial statements will be significant. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts. Therefore, the substantial majority of the Group's operating lease commitments (some £11 million on an undiscounted basis, as shown in Note 14 of the financial statements) would be brought onto the statement of financial position and amortised and depreciated separately. There will be no impact on cash flows, although the presentation of the cash flow statement will change significantly. Management are currently working on the new processes and systems that will be required to comply with this accounting standard.

#### 1.12 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the year-end date and the reported amounts of revenues and expenses during the reporting period.

In the view of the directors, there are no critical accounting judgements and key sources of estimation uncertainty.

### 2 Revenue

	2018 £	2017 £
Service fee income	2,448,210	1,966,573
Cost recovery income	23,587,008	18,441,003
<b>Total revenue</b>	<b>26,035,218</b>	<b>20,407,576</b>

The Company has one class of business, which is carried out in one location, the United Kingdom.



## Notes to the financial statements (continued)

### 3 Operating profit and profit before tax

*Included in profit are the following:*

	Note	2018 £	2017 £
Depreciation of property, plant and equipment	7	284,425	361,796

*Auditor's remuneration and tax fees:*

	2018 £	2017 £
Audit related services	24,600	24,000
Tax compliance services	42,150	48,395

### 4 Staff numbers and costs

The average number of people employed by the Company during the year, analysed by category, was as follows:

	Average number of employees	
	2018	2017
General	38	32

The aggregate payroll costs of these people are as follows:

	2018 £	2017 £
Wages and salaries	14,181,444	10,138,448
Social security costs	1,691,334	1,325,351
Pension costs	441,662	409,419
	<u>16,314,440</u>	<u>11,873,218</u>

### 5 Directors' remuneration

	2018 £	2017 £
Sums payable to third parties for directors' services	202	3,200
	<u>202</u>	<u>3,200</u>

## Notes to the financial statements (continued)

### 6 Taxation

#### Recognised in the income statement

	2018 £	2017 £
<b>Current tax expense</b>		
Current year period	470,215	454,875
Adjustments in respect of prior year	-	4,537
	<u>470,215</u>	<u>459,412</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	3,361	(26,114)
Adjustment for prior years	-	(4,082)
	<u>3,361</u>	<u>(30,196)</u>
<b>Total tax expense</b>	<u>473,576</u>	<u>429,216</u>

#### Reconciliation of effective tax rate

	2018 £	2017 £
Profit before tax	<u>2,350,862</u>	<u>1,943,485</u>
Tax using the UK corporation tax rate of 19% (2017: 20%)	446,664	388,697
Non-deductible expenses	15,519	23,638
Differences arising in respect of fixed assets	11,789	12,101
(Decrease)/increase in tax rate on deferred tax balances	(396)	4,325
Adjustments to tax charge in respect of previous periods	-	4,537
Adjustments to tax charge in respect of previous periods-deferred tax	-	(4,082)
<b>Total Tax expense</b>	<u>473,576</u>	<u>429,216</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. In the Budget on 16 March 2016, the Chancellor announced an additional planned reduction to 17% effective 1 April 2020. This will reduce the Company's future current tax charge accordingly.

The deferred tax asset at 31 March 2018 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

## Notes to the financial statements (continued)

### 7 Property, plant and equipment

	Leasehold renovation £	Office equipment & computers £	Fixtures & Fittings £	Total £
<b>Cost</b>				
Balance as at 1 April 2016	1,036,156	249,287	412,796	1,698,239
Acquisitions	-	32,249	1,808	34,057
Write off of depreciated asset	-	-	(22,598)	(22,598)
Balance at 31 March 2017	1,036,156	281,536	392,006	1,709,698
<b>Accumulated depreciation</b>				
Balance as at 1 April 2016	397,694	219,324	250,058	867,076
Depreciation charge for the year	207,231	31,029	123,536	361,796
Write off of depreciated asset	-	-	(20,716)	(20,716)
Balance at 31 March 2017	604,925	250,353	352,878	1,208,156
<b>Cost</b>				
Balance as at 1 April 2017	1,036,156	281,536	392,006	1,709,698
Acquisitions	54,545	164,869	24,645	244,059
Write off of depreciated asset	-	(46,046)	-	(46,046)
Balance at 31 March 2018	1,090,701	400,359	416,651	1,907,711
<b>Accumulated depreciation</b>				
Balance as at 1 April 2017	604,925	250,353	352,878	1,208,156
Depreciation charge for the year	208,992	43,980	31,453	284,425
Write off of depreciated asset	-	(46,046)	-	(46,046)
Balance at 31 March 2018	813,917	248,287	384,331	1,446,535
<b>Net book value</b>				
At 31 March 2018	276,784	152,072	32,320	461,176
At 31 March 2017	431,231	31,183	39,128	501,542

## Notes to the financial statements (continued)

### 8 Deferred tax assets and liabilities

*Recognised deferred tax assets and liabilities at 17.00% rate*

Deferred tax (assets) and liabilities are attributable to the following:

*Movement in deferred tax during the period*

	31 Mar 2017 £	Recognised in income £	31 Mar 2018 £
Property, plant and equipment	(21,786)	3,361	(18,425)
	<u>(21,786)</u>	<u>3,361</u>	<u>(18,425)</u>

### 9 Trade and other receivables

	2018 £	2017 £
Amounts owed by the Parent	1,406,680	1,781,830
Accrued Receivable	3,352,846	2,022,292
VAT receivable	118,530	93,457
Prepayments	343,697	330,706
Other receivable	19,103	37,333
	<u>5,240,856</u>	<u>4,265,618</u>

The directors consider that the carrying value of these assets is a reasonable approximation of their fair value.

Amounts due from the Parent are current, non-interest bearing and repayable on demand.

### 10 Cash and cash equivalents

	2018 £	2017 £
Cash and cash equivalents per balance sheet	7,406,178	5,983,412
Cash and cash equivalents per cash flow statement	<u>7,406,178</u>	<u>5,983,412</u>

The credit risk on liquid funds is limited because the counter-party is a bank with credit rating of AA-.

## Notes to the financial statements *(continued)*

### 11 Trade and other payables

	2018 £	2017 £
<b>Current</b>		
Accrued expenses	4,416,477	3,059,938
Amounts owed to the Parent	-	607,952
	<u>4,416,477</u>	<u>3,667,890</u>
<b>Non-current</b>		
Deferred rent expense	<u>1,351,999</u>	<u>1,502,247</u>

The directors consider that the carrying value of these liabilities is a reasonable approximation of their fair value.

### 12 Capital and reserves

#### Share capital

	Ordinary shares	
<i>Number of shares</i>	2018	2017
Balance as at 1 April	2,000,001	2,000,001
On issue at 31 March – fully paid	<u>2,000,001</u>	<u>2,000,001</u>
	<u>2018</u>	<u>2017</u>
	£	£
<i>Allotted, called up and fully paid</i>		
2,000,001 ordinary shares of £1 each	<u>2,000,001</u>	<u>2,000,001</u>
Shares classified in shareholders' funds	<u>2,000,001</u>	<u>2,000,001</u>
	<u>2,000,001</u>	<u>2,000,001</u>

#### Retained earnings

Retained earnings are accumulated distributable profits and losses of the Company that have been recognised through the Income Statement.

#### Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Company defines capital as being share capital plus all reserves, which amounted to £7,138,846 as at 31 March 2018 (2017: £5,261,560). The Board of Directors monitors the level of capital to ensure the Company meets its operating requirement, by recharging its expenditure to its parent company.

The Company is not subject to any externally imposed capital requirements.

## **Notes to the financial statements (continued)**

### **13 Financial risk management**

#### **13 (a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company has no trade receivables as its sole customer is its Parent. The Company's credit risk is primarily attributable to the amounts owed by the Parent.

#### **13 (b) Liquidity risk**

Liquidity risk is the risk that the Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity risk through funding from its Parent.

The expected contractual cash outflows of trade and other payables falls within one year and are expected to approximate their carrying amounts.

#### **13 (c) Financial risk management**

The Company has no exposure to movements in foreign exchange rates due to the fact that any transactions with the Parent company are settled in GBP.

### **14 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Due within one year	1,100,000	1,100,000
Within two to five years	4,400,000	4,400,000
More than five years	6,075,616	7,175,616
	<u>11,575,616</u>	<u>12,675,616</u>

The Company leases its offices under an operating lease; the lease term is 15 years to 8 October 2028. Annual rental payable is £1,100,000 and the landlord contribution of £25,411 is split over the lease term.

During the year £1,041,318 (2017: £1,034,492) was recognised as an expense in the income statement in respect of operating leases.

## Notes to the financial statements (continued)

### 15 Related parties

#### *Transactions with key management personnel*

Key management personnel are those persons having authority and responsibility for planning, controlling and directing the activities of the Company. In the opinion of the Board, the Company's key management personnel are the management staff of Temasek International (Europe) Limited.

The compensation of key management personnel during the year is as follows:

	2018 £	2017 £
Key management emoluments	14,314,553	10,906,857

#### *Other related party transactions*

In addition to the information disclosed elsewhere in the financial statements, the related party transactions between the Company and Temasek Pte Ltd, the parent company are as follows:-

	2018 £	2017 £
Business Advisory Service Revenue	24,704,664	19,844,502
Accrued Business Advisory Service Revenue	1,330,554	563,073
Amounts owed by parent	1,406,680	1,781,830
Accrued Receivable from parent	3,352,846	2,022,292
Amounts owed to parent	-	607,952

### 16 Ultimate parent company and parent company of larger group

The Company is wholly owned subsidiary undertaking of Temasek Pte. Ltd., which is the immediate parent company incorporated in Singapore. The immediate, penultimate and ultimate holding companies at the end of the financial year are Temasek Pte. Ltd., Temasek Global Pte. Ltd. and Temasek Holdings (Private) Limited respectively.

### 17 Impact of Brexit

The company is continuing to evaluate the likely economic, political and regulatory risks arising from the June 2016 referendum and further developments to date in relation to the UK's membership of the EU on the company's business strategy and business risks in the short, medium and long term. There has been no significant impact on the company's business activities or on going position of the company since then, hence in the short term, there will be no immediate change in its business strategy. The company will continue to monitor developments closely and will make appropriate changes to its business strategy once the consequences of the UK's prospective departure from the EU are more certain.

### 18 Subsequent events

Between the balance sheet date and the signing date of the financial statements, there are no subsequent events that require disclosure in these financial statements.