Temasek International (Europe) Limited

Annual report and financial statements
Year ended 31 March 2021
Registered number 08534289

Contents

DIRECTORS AND ADVISERS

Directors	Goh Bee Kheng (Grace) Daniel Marc Richard Jaffe, Intertrust (UK) Limited
Secretary	Intertrust (UK) Limited 1 Bartholomew Lane, London EC2N 2AX
Registered office	23 King Street London SW1Y 6QY
Independent 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 for Temasek International (Europe) Limited (the "Company") for the year ended 31 March 2021.

Principal activities and business review

The Company was established as a private limited company incorporated and domiciled in England and Wales. The Company provides business advisory services in the form of consulting and research services to its parent, Temasek Pte. Ltd, for which it is compensated on a cost plus mark-up basis.

The profit for the year ended 31 March 2021 of £2,485,726 (2020: £2,035,182) increased by 1.22 times during the year. Payroll costs have decreased for the financial year and the impact of covid has reduced the Company's operating costs for general office expenditure, travel and entertainment, however revenue has increased due to mark-up fee increase from 11% to 15%.

Future developments

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

Principal risks and uncertainties

Brexit: The United Kingdom left the European Union on 31 January 2020 and signed a trade agreement on 30 December 2020. There has not been any immediate impact on the Company's business activities, the consulting and research services the Company provides have not been affected. However, the directors will continue to monitor the economic, political and regulatory risks and will make appropriate changes to its business strategy if any consequences of the United Kingdom's departure from the EU are more certain.

COVID-19: The COVID-19 pandemic continues to cause widespread disruption to businesses and the global economy. Since the government-imposed lockdown on 16 March 2020, the Company has continued to operate its core function in providing consulting and research services with all staff working from home with adequate IT and communication infrastructure. With staff working from home and travel restrictions, this has reduced the business travel expenditure for the year.

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

By the order of the board

Daniel Marc Richard Jaffe
Director

23 King Street
London, SW1Y 6QY
Date..11/08/2021..

Directors' report

The directors present their report together with the audited financial statements of Temasek International (Europe) Limited (the "Company") for the year ended 31 March 2021.

General information

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 £2,485,726 (2020: £2,035,182). No interim dividend was paid during the year (2020: NIL). The directors do not propose the payment of a final dividend for 2021 (2020: Nil).

Directors

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

Goh Bee Kheng (Grace)

Daniel Marc Richard Jaffe

Donations

For the year ended 31 March 2021, charitable donations of £72,679 (2020: £266,639) were made.

Going concern

The directors have prepared the financial statements on the going concern basis for the following reasons: As at 31 March 2021, the Company had net current assets, including cash of £8,453,955 and no external debt. The directors have prepared the budget which indicates that the Company has sufficient cash to meet its liabilities for at least 12 months from the date of signing these financial statements.
The Company's sole customer is its parent company Temasek Pte. Ltd. Revenues are driven with reference to administrative expenses incurred. The directors are confident that the parent company will continue to view the EMEA market as an investable market and will thus continue to require the consulting and research services provided by the Company. The directors have reviewed the balance sheet position of the parent company and are confident it has adequate resources to continue in operational existence to continue paying revenue to the Company for at least 12 months from the date of signing these financial statements.
Since the government-imposed lockdown on 16 March 2020, the Company has continued to operate its core function in providing consulting and research services with all staff working from home with adequate IT and communication infrastructure. The directors will continue to monitor the impact of the pandemic on the Company's operations and make changes as required but they do not currently expect this to adversely impact the Company's operations.
Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

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 Kings Street
London, SW1Y 6QY
Date: 11/08/2021

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 accounting standards in conformity with the requirements of the Companies Act 2006 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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

Independent Auditor's Report to the Members of Temasek International (Europe) Limited

Opinion

We have audited the financial statements of Temasek International (Europe) Limited ("the company") for the year ended 31 March 2021 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included all post-closing journals.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's authority to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, data protection, anti-money laundering, market abuse regulations and certain aspects of company legislation recognizing the financial nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

Under the Companies Act 2006, we are required 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.

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

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.

Carla Cassidy

Carla Cassidy (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London E14 5GL
11 August 2021

Income Statement
For the year ended 31 March 2021

	Note	2021 £	2020 £
Revenue	2	22,085,280	26,669,715
Gross Profit		**22,085,280**	**26,669,715**
Other operating income		245,857	91,930
Administrative expenses		(19,253,557)	(24,231,950)
Operating profit and profit before tax		**3,077,580**	**2,529,695**
Taxation	6	(591,854)	(494,513)
Profit for the year		**2,485,726**	**2,035,182**
Other comprehensive income		-	-
Total Comprehensive Income		**2,485,726**	**2,035,182**

The notes on pages 11 to 22 form part of these financial statements.

Balance Sheet
As at 31 March 2021

	Note	2021 £	2020 £
Non-current assets			
Right of use assets	8	6,992,507	7,905,368
Property, plant and equipment	7	74,890	195,409
Deferred tax assets	9	67,104	35,869
		7,134,501	**8,136,646**
Current assets			
Trade and other receivables	10	4,475,315	4,765,299
Tax receivable		389,490	-
Cash and cash equivalents		8,453,955	5,580,841
		13,318,760	10,346,140
Total assets		**20,453,261**	**18,482,786**
Current liabilities			
Trade and other payables	11	4,066,776	3,730,870
Tax payable		-	(158,567)
Lease liabilities		1,014,964	996,595
		5,081,740	**4,568,898**
Non-current liabilities			
Lease liabilities		6,777,444	7,805,537
		6,777,444	**7,805,537**
Total liabilities		**11,859,184**	**12,374,435**
Net assets		**8,594,077**	**6,108,351**
Equity			
Share capital	12	2,000,001	2,000,001
Retained earnings		6,594,076	4,108,350
Total equity		**8,594,077**	**6,108,351**

The notes on pages 11 to 22 form part of these financial statements. These financial statements were approved by the board of directors on ..11/08/2021.. 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 2019	2,000,001	2,073,168	4,073,169
Total comprehensive income	-	2,035,182	2,035,182
Balance at 31 March 2020	**2,000,001**	**4,108,350**	**6,108,351**
Total comprehensive income	-	2,485,726	2,485,726
Balance at 31 March 2021	**2,000,001**	**6,594,076**	**8,594,077**

The notes on pages 11 to 22 form part of these financial statements.

Cash Flow Statement
For the year ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit after tax		2,485,726	2,035,182
Adjustments for:			
Depreciation of right of use assets	3	931,552	941,939
Depreciation of property, plant and equipment	3	82,192	175,792
Finance cost on lease liability		127,558	171,026
Property, plant and equipment reclassification	7	-	(5,063)
Taxation		591,854	494,513
Property, plant and equipment write off		57,000	-
Loss on disposal of right of use asset		3,660	-
		4,279,542	**3,813,389**
Decrease in trade and other receivables		289,984	908,961
Increase in trade and other payables		336,252	(1,114,948)
Tax paid		(854,012)	(832,426)
Net cash from operating activities		**4,051,766**	**2,774,976**
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	(19,095)	(114,879)
Net cash used in investing activities		**(19,095)**	**(114,879)**
Cash flows from financing activities			
Payment of lease liability		(1,159,557)	(1,150,637)
Net cash used in financing activities		**(1,159,557)**	**(1,150,637)**
Net increase in cash and cash equivalents		2,873,114	1,509,460
Cash and cash equivalents at the beginning of the year		5,580,841	4,071,381
Cash and cash equivalents at end of the year		**8,453,955**	**5,580,841**

The notes on pages 11 to 22 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 private 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 accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

The financial statements are prepared under the historical cost convention.

1.1 New Accounting Polices

The Company adopted IFRS 16: Leases in the financial statements for the year ended 31 March 2020 (see note 1.10) using the modified retrospective method.

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2021 that have had a material impact on the company's financial statements.

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

1.2 Basis of preparation

The directors have prepared the financial statements on the going concern basis for the following reasons: As at 31 March 2021, the Company had net current assets, including cash of £8,453,955 and no external debt. The directors have prepared the budget which indicates that the Company has sufficient cash to meet its liabilities for at least 12 months from the date of signing these financial statements.

The Company's sole customer is its parent company Temasek Pte. Ltd. Revenues are driven with reference to administrative expenses incurred. The directors are confident that the parent company will continue to view the EMEA market as an investable market and will thus continue to require the consulting and research services provided by the Company. The directors have reviewed the balance sheet position of the parent company and are confident it has adequate resources to continue in operational existence to continue paying revenue to the Company for at least 12 months from the date of signing these financial statements.

Since the government-imposed lockdown on 16 March 2020, the Company has continued to operate its core function in providing consulting and research services with all staff working from home with adequate IT and communication infrastructure. The directors will continue to monitor the impact of the pandemic on the Company's operations and make changes as required but they do not currently expect this to adversely impact the Company's operations.

Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

1.3 Financial instruments

i. Recognition and initial measurement

Financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provision of the instruments are initially recognised at transaction price.

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 Notes to the financial statements *(continued)*

***1.3 Financial instruments** (continued)*

ii. Classification, subsequent measurement and gains and losses – financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"):

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; 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.

Subsequent measurement and gains and losses

These assets are subsequently measured at amortised cost reduced by impairment losses. Any gain or loss on derecognition is recognised in the income statement.

iii. Classification, subsequent measurement and gains and losses - Financial Liabilities

Financial liabilities are classified at amortised cost. Subsequently, they are measured at amortised cost. Gains and losses are recognised in the income statement.

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 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.

Notes to the financial statements *(continued)*

1 Notes to the financial statements *(continued)*

***1.5 Employee benefits** (continued)*

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:

(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.

1.6 Revenue

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

1.7 Administrative expenses

Administrative expenses are charged against income on an accrual basis.

1.8 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. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is probable that the related tax benefit will be realised.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.9 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 key sources of estimation uncertainty.

1.10 Leases

When the Company is a lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined to be on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets including IT equipment. The Company recognised the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2 Revenue

	2021 £	2020 £
Consulting and research services	22,085,280	26,669,715
Total revenue	**22,085,280**	**26,669,715**

All business is carried out in the United Kingdom.

3 Operating profit and profit before tax

Included in profit are the following:

	Note	2021 £	2020 £
Depreciation of right of use assets	8	931,552	941,939
Depreciation of property, plant and equipment	7	82,192	175,792
Amortisation of lease liability		127,558	171,026
Lease Expense		89,383	128,620
		1,230,685	**1,417,377**

Auditor's remuneration:

	2021 £	2020 £
Audit of these financial statements	35,000	34,232
Tax compliance services	74,483	88,767
	109,483	**122,999**

Tax compliance services were also obtained from another Audit firm.

Notes to the financial statements *(continued)*

4 Staff numbers and costs

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

	2021	2020
General	35	36

The aggregate payroll costs of these people are as follows:

	2021 £	2020 £
Wages and salaries	13,947,842	16,718,051
Social security costs	1,513,021	1,870,969
Pension costs	451,357	461,798
	15,912,220	**19,050,818**

5 Directors' remuneration

	2021 £	2020 £
Directors' remuneration	3,934	3,835
	3,934	**3,835**

Notes to the financial statements *(continued)*

6 Taxation

Recognised in the income statement

	2021 £	2020 £
Current tax expense		
Current year period	603,512	491,323
Adjustments in respect of prior year	19,577	(373)
	623,089	**490,950**
Deferred tax expense		
Origination and reversal of temporary differences	(12,881)	8,202
Adjustment for prior years	(18,354)	-
Effect of tax rate change	-	(4,639)
	(31,235)	**3,563**
Total tax expense	**591,854**	**494,513**

Reconciliation of effective tax rate

	2021 £	2020 £
Profit before tax	**3,077,580**	**2,529,695**
Tax using the UK corporation tax rate of 19% (2020: 19%)	584,740	480,642
Non-deductible expenses	644	11,220
Differences arising in respect of fixed assets	4,985	7,245
Adjustments to tax charge in respect of previous periods	19,839	(373)
Adjustments to tax charge in respect of previous periods-deferred tax	(18,354)	-
Increase in tax rate on deferred tax balances	-	(4,221)
Total Tax expense	**591,854**	**494,513**

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. The deferred tax asset at the balance sheet date has been calculated at 19% (2020: 19%).

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £21,168.

Notes to the financial statements *(continued)*

7 Property, plant and equipment

	Leasehold renovation	Office equipment & computers	Fixtures & Fittings	Total
	£	£	£	£
Cost				
Balance as at 1 April 2019	1,115,040	483,548	419,361	2,017,949
Acquisitions	22,670	73,850	18,359	114,879
Disposals	-	(45,990)	-	(45,990)
Reclassifications	4,187	450	426	5,063
Balance at 31 March 2020	1,141,897	511,858	438,146	2,091,901
Accumulated depreciation				
Balance as at 1 April 2019	1,016,539	347,375	402,776	1,766,690
Depreciation charge for the year	38,970	125,871	10,951	175,792
Disposals	-	(45,990)	-	(45,990)
Balance at 31 March 2020	1,055,509	427,256	413,727	1,896,492
Cost				
Balance as at 31 March 2020	1,141,897	511,858	438,146	2,091,901
Acquisitions	-	-	19,095	19,095
Disposals	(52,106)	(188,023)	(253,414)	(493,543)
Balance at 31 March 2021	1,089,791	323,835	203,827	1,617,453
Accumulated depreciation				
Balance as at 1 April 2020	1,055,509	427,256	413,727	1,896,492
Depreciation charge for the year	24,368	48,378	9,446	82,192
Fixed Asset Adjustment	-	-	422	422
Disposals	(31,794)	(162,893)	(241,856)	(436,543)
Balance at 31 March 2021	1,048,083	312,741	181,739	1,542,563
Net book value				
At 31 March 2021	**41,708**	**11,094**	**22,088**	**74,890**
At 31 March 2020	**86,388**	**84,602**	**24,419**	**195,409**

Notes to the financial statements *(continued)*

8 Right of use assets

	Property £	Office equipment £	Total £
Cost			
Balance as at 1 April 2019	-	-	-
Effects of adopting new IFRS	8,830,961	16,346	8,847,307
Balance at 31 March 2020	8,830,961	16,346	8,847,307
Accumulated depreciation			
Balance as at 1 April 2019	-	-	-
Depreciation charge for the year	933,905	8,034	941,939
Balance at 31 March 2020	933,905	8,034	941,939
Cost			
Balance as at 31 March 2020	8,830,961	16,346	8,847,307
Additions	-	22,275	22,275
Disposals	-	(16,346)	(16,346)
Balance at 31 March 2021	8,830,961	22,275	8,853,236
Accumulated depreciation			
Balance as at 1 April 2020	933,905	8,034	941,939
Depreciation charge for the year	923,732	7,820	931,552
ROU Adjustment	-	(76)	(76)
Disposals	-	(12,686)	(12,686)
Balance at 31 March 2021	1,857,637	3,092	1,860,729
Net book value			
At 31 March 2021	**6,973,324**	**19,183**	**6,992,507**
At 31 March 2020	**7,897,056**	**8,312**	**7,905,368**

Notes to the financial statements *(continued)*

9 Deferred tax assets

Recognised deferred tax assets at 19% rate (2020: 19%)

Deferred tax assets are attributable to the following:

Movement in deferred tax during the period

	31 Mar 2021 £	Recognised in income £	31 Mar 2020 £
Fixed asset and short-term temporary differences	(67,104)	(31,235)	(35,869)
	(67,104)	**(31,235)**	**(35,869)**

10 Trade and other receivables

	2021 £	2020 £
Amounts owed by the Parent	4,228,005	4,444,907
VAT receivable	159,607	101,375
Prepayments	83,263	90,678
Other receivables	4,440	128,339
	4,475,315	**4,765,299**

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

11 Trade and other payables

	2021 £	2020 £
Current		
Accrued expenses	130,833	208,096
Provisions	3,877,778	3,433,432
Payables	58,165	89,342
	4,066,776	**3,730,870**

Notes to the financial statements *(continued)*

12 Capital and reserves

Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
2,000,001 ordinary shares of £1 each	2,000,001	2,000,001

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 £8,594,077 as at 31 March 2021 (2020: £6,108,351). 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.

13 Financial risk management

(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 customer.

The Company's credit risk is primarily attributable to the amounts owed by the Parent, the parent company has sufficient cash reserves to pay the amounts due to the Company. In the event cash reserves are not available, the parent company is supported by its ultimate parent company.

(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's liquidity risk is primarily attributed to its trade and other payables. The expected contractual cash outflows of trade and other payables falls within one year and we are expected to approximate to their carrying amounts.

The Company manages its liquidity risk through timing of revenue receipts. In the event the Company is unable to manage its liquidity risk, it will receive funding from its parent company.

(c) Market risk

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.

Notes to the financial statements *(continued)*

14 Lease Commitments

Maturity analysis – Contractual undiscounted cash flows

	2021 £	2020 £
Due within one year	1,152,576	996,595
After one year but within three years	2,301,364	2,200,000
After three years but within five years	2,290,000	2,200,000
After five years but within ten years	2,616,263	3,405,537
	8,360,204	**8,802,132**

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 directors and the management staff of Temasek International (Europe) Limited.

The compensation of the key management personnel during the year was £11,648,499 (2020: £13,388,646), of which £549,856 remaining payable at the year end (2020: £424,405).

Related party transactions with parent company

Related party transactions between the Company and Temasek Pte Ltd, the parent company relate to the services provided to parent and which are compensated on a cost plus mark-up basis, these are as follows:

	2021 £	2020 £
Transaction during the year		
Business Advisory Service Revenue	21,881,063	27,289,900
Accrued Business Advisory Service Revenue	204,217	(620,184)
Receivables		
Amounts owed by parent	4,228,005	4,444,907

16 Ultimate parent company and parent company of larger group

The Company is a 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. The consolidated financial statements of Temasek Holdings (Private) Limited and its subsidiaries are available as part of Temasek Review and may be obtained from www.temasekreview.com.sg

17 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.