

# FRONTIER ECONOMICS LIMITED

Report and Financial Statements

YEAR ENDED

30 APRIL 2021

COMPANY NUMBER 3752719

# FRONTIER ECONOMICS LIMITED

## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2021

### CONTENTS

Strategic Report	3
Streamlined Energy and Carbon Reporting	11
Report of the Directors	15
Independent Auditor's Report	17
Statement of Comprehensive Income	21
Balance Sheet	22
Statement of Changes in Equity	23
Cash Flow Statement	24
Notes Forming Part of the Financial Statements	25

### DIRECTORS

D Aitman  
M Bax  
M Bell (appointed 12<sup>th</sup> July 2021)  
P J Burns  
D M Elliott  
S Gaysford  
A Grimwade  
G Houpis  
Lord O'Donnell  
D Parker  
C Riechmann  
J Romano  
S Snelson

### SECRETARY AND REGISTERED OFFICE

L Garment, Mid City Place, 71 High Holborn, London, WC1V 6DA

### COMPANY NUMBER

3752719

### AUDITORS

BDO LLP, 55 Baker Street, London, W1U 7EU

# FRONTIER ECONOMICS LIMITED

## STRATEGIC REPORT

This strategic report is presented by the directors of Frontier Economics (“Frontier”).

### RESULTS AND DIVIDENDS

This year, turnover was £61,375,732 (2020: £56,406,508) and profit before tax was £419,118 (2020: £537,994).

Turnover has increased by 9% (2020: 6%) and, based on the post-year-end results to date and work in the pipeline, we believe this encouraging level of trading will continue in 2022, despite the ongoing Covid-19 pandemic.

In line with company policy, no dividends are payable (2020: £nil).

### REVIEW OF THE BUSINESS

Frontier Economics is an economics consultancy. We work with clients on some of the most interesting and high-profile issues across competition, regulation, public policy and strategy.

Our clients are mainly located in the UK, Ireland and mainland Europe, but many operate in other regions, like the Middle East, Africa and Central and South America. We continue to operate offices in Belgium, France, Germany, Ireland, Spain and the UK. We operate as one legal entity, with our offices set up as permanent establishments and some payrolls in other geographies where we have employees based.

Frontier continued to perform strongly this year, despite the pandemic. We expect to grow our operating profit and profit before tax, pre-discretionary bonus, in 2022.

There have been no changes in the scope of the company’s activities this year.

### KEY PERFORMANCE INDICATORS

We use a range of KPIs. They’re focused on promoting profitable and sustainable income streams, using our staff effectively and managing cash flow – rather than pursuing growth for its own sake.

Some key financial statement KPIs are as follows:

	<b>2021</b>	<b>YOY increase</b>	<b>2020</b>	<b>YOY increase</b>
	<b>£</b>	<b>%</b>	<b>£</b>	<b>%</b>
Turnover	61,375,732	9%	56,405,508	6%
Trade debtors	16,708,153	18%	14,165,635	11%
Accrued income	6,975,530	16%	6,027,718	9%

As stated above, we’ve grown our turnover this year by 9%, mainly through organic growth (existing clients and disciplines). Trade debtors made up a similar proportion of revenue this year as they did last year, and were below our internal target levels, despite strong billing in the last two months of the year. Prepayments and accrued income balances were also within internal targets at year end, as they were last year.

We also review timesheet data on a monthly basis focusing on utilisation and work life balance. This helps us to manage Frontier employees’ workloads effectively and proactively.

# FRONTIER ECONOMICS LIMITED

## STRATEGIC REPORT

### EMPLOYMENT

Frontier has clear policies for training, personal development and mentoring. They help us to support the career progression of our employees. We also give staff the opportunity to contribute towards running the business.

We're strongly committed to employee share ownership. All permanent staff are issued one share each and are entitled to a certain number of share options, according to their grade. Frontier also operates a profit-sharing bonus scheme, which is distributed on a bi-annual basis.

Our equal opportunities employment policy demonstrates our opposition to all forms of discrimination. Our selection processes are non-discriminatory, and we always seek to give full consideration to those with disabilities when recruiting. In the event of an employee becoming disabled, we'd make every effort to ensure their employment with the company continued, and appropriate training would be arranged.

The company complies with all relevant health and safety legislation to ensure, as far as we can, the health, safety and welfare at work of all our employees.

### PRINCIPAL RISKS AND UNCERTAINTIES

The market in which Frontier operates is highly competitive. Our strategy for success is based on providing our clients with world-class economic advice. This balances rigorous academic standards with a detailed understanding of the commercial and regulatory arenas in which our clients operate.

*How we mitigate the principal risks we face:*

- **People risk.** To provide world-class advice, we need economists of the highest quality. That's why we place considerable emphasis on recruitment, training and retention of staff, at all levels.
- **Price risk.** To ensure we remain competitive and to pick up any price sensitivities, fee rates achieved are analysed on a monthly basis across all disciplines and sectors. In addition, fee rates are reviewed and updated annually for all economists at an individual level.
- **Liquidity risk.** The company monitors cash flow as part of its day-to-day control procedures. Management considers cash flow projections on a monthly basis, and ensures that appropriate facilities are available to be drawn upon. We have an overdraft facility with HSBC, and cash is held in a mixture of short-term deposit and current accounts, which earn interest at a variable rate. A loan taken out to part-fund a fit-out of our London office in 2016 has been repaid in full, as per the payment schedule to February 2021.
- **Credit risk.** There has been no slowdown in cash receipts (or revenue) across 2021, despite the Covid-19 pandemic. The directors monitor debtors, and the risk is not considered to be significant at the year end date.
- **Foreign exchange risk.** Management monitors exposure to foreign currencies. Where possible, contracts and invoices are drawn in the currency of the cost base to minimise exposure to movements in exchange rates.

# FRONTIER ECONOMICS LIMITED

## STRATEGIC REPORT

- **Brexit risk.** Frontier provides services to clients across a wide area, particularly in the UK and mainland Europe. Those services are delivered by a diverse, international group of economists. As such, the directors continue to monitor any risks associated with Brexit. There have been some operational matters to consider, such as additional administrative costs associated with recruitment and travel between offices, and different storage requirements for data. Nonetheless, the directors conclude that there has been, and will continue to be, no material impact on the ability of the company to operate effectively.
- **Going concern risk.** The directors have continued to pay particular attention to the assessment of the continued going concern of the company in the light of the Covid-19 pandemic. They conclude that there is a reasonable expectation the company will be able to continue to operate for the foreseeable future.

By design, Frontier has a resilient business model, which would be able to withstand periods of revenue significantly below current levels. Flexibility is built into our bonus scheme, which tracks the operating profit of the company. In the event of any prolonged period of lower revenue, the directors would take mitigating action, such as reducing overheads.

The directors have been monitoring the revenue and trade debtor KPIs closely, particularly in the first few months of the year, alongside the cash flow forecast. They're pleased to report that the pandemic has had no material impact. The future revenue pipeline also remains positive, with revenue growth expected across the next financial year. The directors have available an overdraft facility totalling £2.5m which is due for renewal in December 2021. In a sensitised forecast, the directors would utilise the overdraft facility to cover any potential shortfalls in cash.

Most importantly, the employees of the company adapted positively to working from home. The company's ability to deliver the high-quality work expected by our clients has also been unaffected. Given sustained demand from clients, we've continued to successfully recruit into key areas of the business.

On this basis, the directors have a reasonable expectation that the group will have sufficient cash flow and available resources to continue operating for at least 12 months from the approval date of these financial statements. Accordingly, the company continue to adopt the going concern basis in preparing the statements.

# FRONTIER ECONOMICS LIMITED

## STRATEGIC REPORT

### Companies Act section 172 statement

Section 172 of the Companies Act 2006 requires directors to consider the interests of stakeholders, among other matters, in their decision making. At Frontier, the directors continue to take into account the interests of employees, clients and suppliers, the impact of the company’s activities on the community and the environment, Frontier’s reputation for good business conduct and the need to act fairly.

It’s in this context that the directors consider what is most likely to promote the success of the company in the long term, engaging with stakeholders in a number of ways as explained below.

- The directors are fully aware of their responsibilities to promote the success of the company in accordance with section 172 of the Companies Act 2006. To ensure the company follows good corporate practice, all directors receive training on the scope and application of section 172 when they join the board and it is kept front of mind at board meetings with a reminder of the board directors’ section 172 responsibilities included in board papers. The company secretary helps the board ensure that sufficient consideration is given to the matters set out in s172(1)(a)-(f).
- The board regularly reviews the company’s principal stakeholders and how it engages with them. They do this by reviewing information provided by management, and also by speaking directly to the stakeholders themselves.
- As an employee-owned company, Frontier has a strong culture of employee and shareholder engagement. This culture is the responsibility of all employees, but particularly those who are part of the board and other governance bodies.
- We aim to work responsibly with all our other stakeholders, including clients and suppliers.

The most significant decisions made by the board this year are as follows:

DECISION/EVENT	S172 MATTERS AFFECTED	ACTIONS AND IMPACT
Updating the Articles and Shareholder Agreement	Shareholders, employees	<ul style="list-style-type: none"> <li>■ Changes to the Articles and Shareholder Agreement were proposed, to ensure they were up to date with current best practice, were drawn up with all shareholders in mind, were fair and in the long term best interests of Frontier.</li> <li>■ Feedback from the July 2020 board led to changes to the proposals.</li> <li>■ Shareholder consultation for all employees took place via webinars.</li> <li>■ Shareholders voted to adopt the proposed changes.</li> </ul>

**FRONTIER ECONOMICS LIMITED**  
**STRATEGIC REPORT**

DECISION/EVENT	S172 MATTERS AFFECTED	ACTIONS AND IMPACT
Annual issue of shares and options	Shareholders, employees	<ul style="list-style-type: none"> <li>■ The board considered the issue of shares and options to all new joiners since the last issue in the previous financial year, and also the issue of additional options for those who had been promoted.</li> <li>■ This issue was approved and considered fair to all members.</li> </ul>
Response to the Covid-19 pandemic: prudent planning, strict budget management and cash conservation	Clients, shareholders, employees, suppliers, environment and community	<ul style="list-style-type: none"> <li>■ Frontier focused on employee wellbeing in the shift to remote working, while ensuring we could continue to meet the changing needs of our clients.</li> <li>■ Strict controls on budget setting and cash were put in place, to ensure we could meet financial commitments to suppliers.</li> <li>■ We were mindful of community impact, making sure we continued to work from home and minimised travel.</li> <li>■ At the outset of the pandemic, we considered the most prudent awarding and timing of our bonus scheme, to ensure that there was sufficient cash within the business to weather a shock to revenue and/or cash collections.</li> <li>■ We considered the negative short-term impact on employees against the longer-term benefits of enhanced protection against any material adverse effects of the pandemic on the long-term sustainability of the company.</li> <li>■ We shared targeted and regular communications with all employees, giving clear information about what was being decided and why, including company-wide presentations and Q&amp;A sessions.</li> <li>■ Across the financial year it became clear that Frontier, its clients, its suppliers and its employees were all able to work efficiently from home. The board therefore decided that all bonuses could be awarded and paid out within the financial year, and the company could continue with normal bonus awards and payments.</li> </ul>

**FRONTIER ECONOMICS LIMITED**  
**STRATEGIC REPORT**

DECISION/EVENT	S172 MATTERS AFFECTED	ACTIONS AND IMPACT
Permanent change to the profile of bonus payments to consultant directors	Shareholders, employees	<ul style="list-style-type: none"> <li>■ The payment profile of consultant directors was unnecessarily complicated; a proposal was put forward to create a new, more straightforward scheme.</li> <li>■ The board considered the conflicting points that the proposal had a negative impact on the directors receiving their bonuses by delaying the overall level of cash received by a very small proportion, but a positive impact on them through a simpler scheme – coupled with the slight improvement to the cash profile within the business on a long-term basis.</li> <li>■ The affected stakeholders were all supportive of the proposal and it was considered fair and in the long term best interests of Frontier and the board approved the changes.</li> </ul>
Budget setting for the current year and the next year	Shareholders, employees, clients, suppliers, environment, community	<ul style="list-style-type: none"> <li>■ The budget for the current year was initially delayed due to the pandemic. A conservative plan was approved in July 2020, which included continued recruitment for key infrastructure projects, to ensure the long-term sustainability of the company, while also allowing for lower-than-normal levels of revenue alongside significantly lower discretionary cost budgets.</li> <li>■ This budget was updated in October 2020, with cost budgets increased to reflect the higher expectations around revenue, due to the limited impact on revenue/cash collection experienced in the first half of the financial year.</li> <li>■ In April 2021, the board approved the budget for the next financial year, which anticipates continued growth of revenue, headcount and profit.</li> <li>■ Priorities for the next year are employee wellbeing, how we best meet the needs of our clients and how we can continue to improve the impact we have in the communities and environments we operate within.</li> </ul>

**FRONTIER ECONOMICS LIMITED**  
**STRATEGIC REPORT**

DECISION/EVENT	S172 MATTERS AFFECTED	ACTIONS AND IMPACT
New board directors and company secretary appointed	Shareholders, environment, community	<ul style="list-style-type: none"> <li>■ The board recognised the need to increase its diversity and appointed two new non-executive directors (NEDs) and three new executive directors (EDs) (with two joining during the year and one to start next year). These appointments were subsequently approved by shareholders at the annual shareholders' meeting. The NEDs provide the board with independent oversight, constructive challenge, strategic guidance and specialist advice. The EDs have a deep understanding of the business and can represent the diversity of our shareholders (our employees).</li> <li>■ Additionally, the board considered and approved the appointment proposed to the position of company secretary, to facilitate the smooth running of the board and to support the chair.</li> </ul>
Updates to the Nomination and Remuneration Committees	Shareholders, employees	<ul style="list-style-type: none"> <li>■ To bring us in line with wider governance best practice, and to ensure we maintain our culture and continue to hold ourselves to account, the board recommended the formation of a permanent Nomination Committee and revised Remuneration Committee. These would be composed of NEDs and EDs, with each committee chaired by a NED.</li> <li>■ The board also considered the appropriate terms of reference for both committees, including the long-term sustainability of Frontier and fairness to all members, particularly in remuneration.</li> </ul>

**FRONTIER ECONOMICS LIMITED**  
**STRATEGIC REPORT**

DECISION/EVENT	S172 MATTERS AFFECTED	ACTIONS AND IMPACT
Continuation and improvement of the role of shareholder representative	Shareholders	<ul style="list-style-type: none"> <li>■ In 2016, the board agreed to introduce shareholder representatives into Frontier board meetings (to observe and contribute). This was to:               <ul style="list-style-type: none"> <li>■ signal our commitment to openness;</li> <li>■ act as a further communication channel between management and employees; and</li> <li>■ make a positive contribution to the board, by bringing a diversity of views and experiences.</li> </ul> </li> <li>■ This year, as outlined in 2016, the board reviewed the introduction of the reps against pre-determined criteria. It was agreed they'd been a positive addition, and we decided to continue with the role, with some minor changes to term and improvements to induction.</li> </ul>
Approval of Modern Slavery Statement and Whistleblowing Policy	Community, environment	<ul style="list-style-type: none"> <li>■ The board considered and approved an updated Modern Slavery Statement and Whistleblowing Policy.</li> <li>■ During the year, the company also remade its commitment to the UN Global Compact.</li> </ul>

**Approval**

This strategic report was approved on behalf of the board on 21<sup>st</sup> October 2021.



A Grimwade

**Director**

## **FRONTIER ECONOMICS LIMITED**

### **STREAMLINED ENERGY AND CARBON REPORTING**

Streamlined Energy and Carbon Reporting (SECR) is a Companies Act 2006 requirement for annual reporting and disclosure of energy and carbon information within company accounts. This section gives an overview of how Frontier has managed and audited its carbon emissions and provides the necessary information for compliance with SECR. It also highlights the work of our environmental pro-bono team.

#### **MANAGING AND AUDITING OUR CARBON EMISSIONS**

Frontier's vision for environmental sustainability is built on our values which distinguish us and guide our actions. We are committed to actively minimising the adverse impact that our business has on the environment. We seek to engage both within the business and with the wider community to promote greater environmental responsibility as a company.

Frontier also reaffirmed its annual commitment to the UN Global Compact this year. This is an initiative which, among other areas, demonstrates our undertaking to promote greater environmental responsibility and encourage the use of environmentally friendly technology.

We have been a 'carbon zero' company since 2010 and our green remit continue to work to integrate environmental sustainability into Frontier's day-to-day operations. As well as working on issues mentioned above, they engage Frontier employees in green policy debates through discussion and events, and encourage environmental responsibility across the company through behavioural nudges.

The current period has of course been heavily impacted by COVID-19, especially with the introduction of home working and severely limited travel, greatly reducing the company's carbon footprint for this period. However, the latest audit report includes the carbon emissions related to Frontier's home working. These estimates are based on the Home Emissions Whitepaper produced by EcoAct in partnership with Lloyds Banking Group and NatWest Group.

Future reporting will determine if changes made over the past year are temporary, or if they have resulted in an inadvertent move towards lower carbon intensity business practices.

#### **ENVIRONMENTAL PRO-BONO WORK**

This year, the environmental pro-bono team's work was made up of two strands: working with third-sector organisations and publishing thought-leadership content.

As part of the first strand, Frontier worked with Sustainability First, a think-tank and charity that promotes environmental, social and economic wellbeing. A team of Frontier economists looked at the issue of building intergenerational fairness into climate policy. Together with Sustainability First, they produced a report which will provide vital information for policymakers in delivering a fair transition to net zero.

Alongside this, Frontier economists published a number of articles throughout the year analysing important environmental issues. These included thought-leadership pieces on fixing failing carbon offset markets, and how Covid-19 has affected London's air quality.

# FRONTIER ECONOMICS LIMITED

## STREAMLINED ENERGY AND CARBON REPORTING

### BACKGROUND AND METHODOLOGY

As an economic consultancy operating in an office environment, our main environmental impacts are electricity and business travel emissions. For offices for whom energy data is unavailable<sup>1</sup>, CO<sub>2</sub>e p/sqm of air-conditioned office space is applied. Emissions for rail and taxi travel are based on pounds (£) spent per category (CO<sub>2</sub>e per £).

Frontier uses the firm CO<sub>2</sub>balance UK Ltd to run an audit of its greenhouse gas emissions each year. These annual reviews are based on the data Frontier produces, which CO<sub>2</sub>balance analyse and review. Emissions factors are taken from Defra/DECC's 'UK government conversion factors for company reporting'.

The assessment methodology for the greenhouse gas review follows the reporting guidelines provided by the Greenhouse Gas Protocol, which is published by the World Business Council for Sustainable Development and the World Resources Institute (WBCSD/WRI Protocol).

Frontier has 12 years of CO<sub>2</sub> reports, audited by CO<sub>2</sub>balance UK Ltd, and to date we have offset 6,707.85 tonnes of carbon dioxide emissions to balance out our carbon footprint. While emissions for the current reporting period amounted to only 188.70tCO<sub>2</sub>, we took the decision to offset 654tCO<sub>2</sub>, which was the same volume of emissions as incurred in the previous 12-month period. Offsets are conducted through social impact carbon offset projects in Africa, run by CO<sub>2</sub>balance.

### ORGANISATIONAL BOUNDARY

Frontier operates as one UK company so, for the purpose of our annual carbon footprint report, CO<sub>2</sub>balance calculate the emissions for all Frontier offices (Berlin, Brussels, Cologne, Dublin, London, Madrid, Paris), reporting overall company emissions.

Our annual review reports emissions under all three scopes defined under the Greenhouse Gas Protocol and the ISO 14064\_1 standard, as below:

- Scope 1 - Direct emissions
- Scope 2 - Indirect emissions
- Scope 3 - Indirect emissions (outsourced operations)

---

<sup>1</sup> Applicable for Berlin office only

**FRONTIER ECONOMICS LIMITED**  
**STREAMLINED ENERGY AND CARBON REPORTING**

<b>CATEGORY</b>	<b>ACTIVITY</b>	<b>SCOPE</b>
<b>ENERGY/PREMISE</b>	Gas Consumption	Scope 1
	Electricity	Scope 2
	Water usage	Scope 3
	Waste disposal	Scope 3
<b>BUSINESS TRAVEL</b>	Air travel	Scope 3
	Rail travel	Scope 3
	Taxis	Scope 3
	Eurostar	Scope 3
	Hotel stays	Scope 3
	Public transport travel	Scope 3
	Staff-owned vehicles	Scope 3

**INTENSITY RATIO**

Since 2009, Frontier has grown significantly. Our total number of employees has increased year on year, and we've expanded our office space across Europe. We've therefore normalised our data by reporting an intensity ratio of tCO<sub>2</sub>e per full-time employee (FTE), allowing for a more meaningful comparison over time.

**EMISSIONS REPORTING OVERVIEW**

For the current report, which covers the financial year May 2020 to April 2021, we compared results to the previously reported 16-month calendar period<sup>2</sup>. Going forward our reporting will focus on 12-month comparisons.

---

<sup>2</sup> The 16-month period occurred in order to align CO<sub>2</sub> reporting to our Financial Year reporting (May to April)

**FRONTIER ECONOMICS LIMITED**  
**STREAMLINED ENERGY AND CARBON REPORTING**

**FIGURE 1: COMPARISON OF EMISSIONS BETWEEN CURRENT AND PREVIOUS PERIOD**

	<b>Current reporting period - May 2020 to Apr 2021<sup>3</sup></b>		<b>Previous Reporting Period - Jan 2019 to Apr 20</b>	
	<b>UK (TCO2E)</b>	<b>EU OFFICES<sup>4</sup> (TCO2E)</b>	<b>UK (TCO2E)</b>	<b>EU OFFICES (TCO2E)</b>
Energy Usage (kWh)	228,658	136,952	718,264	188,955
Emissions from activities that the company own or control (scope 1)	-	-	-	-
Emissions from purchased electricity, steam and cooling (scope 2 - market based)	53.31	54.11	135.29	78.55
Total gross scope 1 & 2 emissions	53.31	54.11	135.29	78.55
Total scope 3 emissions	44.81	36.47	315.46	340.77
Total emissions - scope 1, 2 & 3	98.12	90.58	450.75	419.32
Total company emissions	188.70		870.07	
Intensity ratio - tCO2e per FTE	0.40	0.82	1.85	4.32
<b>Total company intensity ratio - tCO2e per FTE</b>	0.53		1.91	
Information about energy efficiency action taken by the organisation	Our goal continues to be the integration of environmental sustainability into our day-to-day operations, decision-making and organisational values. Our objectives are focussed on developing measures and a long-term carbon footprint reduction strategy (incorporating sustainability targets and indicators and inputting into business policies which have a direct or indirect impact on the environment)			

SOURCE: CO2 AUDIT REPORT BY CO2BALANCE UK LTD

<sup>3</sup> New base year May to April

<sup>4</sup> Defined as emissions from the company's offices based in Berlin, Brussels, Cologne, Dublin, London, Madrid and Paris

# FRONTIER ECONOMICS LIMITED

## DIRECTORS' REPORT

### DIRECTORS

The directors of the company this year were:

D Aitman

M Bax

M Bell (appointed 12<sup>th</sup> July 2021)

P J Burns

D M Elliott

S Gaysford

A Grimwade

G Houpis

Lord O'Donnell

D Parker

C Riechmann

J Romano

S Snelson

### CHARITABLE DONATIONS

This year, donations totalling £30,979 (2020: £7,193) were made to charitable organisations.

### QUALIFYING INDEMNITY PROVISIONS

Directors' insurance cover has been established for all directors to provide appropriate cover for their reasonable actions on behalf of Frontier. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2021 financial year and remain in force for all current and past directors of Frontier.

### COMPANIES ACT 2006 SECTION 172 AND STREAMLINED ENERGY AND CARBON REPORTING

Companies Act 2006 section 172 statement has been included in the Strategic Report and the Streamlined Energy and Carbon Report is included separately above.

### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the strategic report, 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, the directors have chosen to prepare the financial statements in accordance with UK GAAP (UK accounting standards and applicable law). Under company law, the directors must not approve the financial statements unless they're satisfied that they give a true and fair view of the state of affairs of the company, and of the company's profit or loss, for that period.

## FRONTIER ECONOMICS LIMITED

### DIRECTORS' REPORT

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; and
- prepare the financial statements on a going concern basis, unless it's inappropriate to presume the company will continue in business.

The directors are responsible for keeping adequate accounting records. These should show and explain the company's transactions, disclose the financial position of the company and enable the directors to ensure the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the company's assets, and so must take reasonable steps towards the prevention and detection of fraud and other irregularities.

Frontier's financial statements are published on the company's website, in accordance with UK legislation. The maintenance and integrity of the company's website is the responsibility of the directors, and so is the ongoing integrity of the financial statements.

### AUDITORS

The current directors have taken all the necessary steps to make themselves aware of any information needed by the company's auditors, and to establish that the auditors are aware of that information. The directors are not aware of any relevant information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2), they will be automatically re-appointed as auditors 28 days after these accounts are sent to the members.

**By order of the board**



A Grimwade

Director

Date 21<sup>st</sup> October 2021

# FRONTIER ECONOMICS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF FRONTIER ECONOMICS LIMITED

#### OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Frontier Economics Limited ("the Company") for the year ended 30 April 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

#### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

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.

#### 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.

## **FRONTIER ECONOMICS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

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

#### **OTHER INFORMATION**

The directors are responsible for the other information. The other information comprises the information included in the Report of the Directors other than the financial statements and our auditor's report thereon. 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.

#### **OTHER COMPANIES ACT 2006 REPORTING**

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.

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

# FRONTIER ECONOMICS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Report of the Directors, 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.

*Extent to which the audit was capable of detecting irregularities, including fraud*

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

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to revenue recognition, posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Audit procedures to address these risks are listed below:

- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, legal correspondence and specific audit testing.

## FRONTIER ECONOMICS LIMITED

### INDEPENDENT AUDITOR'S REPORT

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it is considered there was a susceptibility of fraud. Our considerations included enquiries with management, and testing the appropriateness of journal entries.
- We also considered potential fraud drivers, including: financial or other pressures, opportunity, and personal or corporate motivations. We considered the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing key areas of estimation uncertainty or judgement, for example valuation of intangible assets and valuation of bad debt provisions.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

#### USE OF OUR REPORT

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

DocuSigned by:  
  
71F2A9BA17A24BE...

Stuart Godfrey (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom  
Date 22 October 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**FRONTIER ECONOMICS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**

	Note	2021 £	2020 £
<b>Turnover</b>	3	<b>61,375,732</b>	56,406,508
Administrative costs		<b>(60,953,526)</b>	(55,854,186)
		-----	-----
<b>Operating profit</b>	4	<b>422,206</b>	552,322
Interest receivable		<b>1,799</b>	5,784
Interest payable		<b>(4,887)</b>	(20,112)
		-----	-----
<b>Profit on ordinary activities before taxation</b>		<b>419,118</b>	537,994
Taxation on profits on ordinary activities	7	<b>(283,559)</b>	(468,216)
		-----	-----
<b>Profit for the financial year and total comprehensive income</b>		<b>135,559</b>	69,778
		=====	=====

All amounts relate to continuing activities.

There are no recognised gains and losses other than those included in the above statement of comprehensive income.

The notes on pages 25 to 38 form part of these financial statements.

**FRONTIER ECONOMICS LIMITED**  
**BALANCE SHEET**

	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Tangible assets	8		2,450,502		2,533,589
Intangible assets			21,546		81,213
			-----		-----
<b>Total fixed assets</b>			<b>2,472,048</b>		<b>2,614,802</b>
<b>Current assets</b>					
Debtors	9	26,246,027		23,015,376	
Cash at bank and in hand		1,623,801		2,928,602	
			-----		-----
		27,869,828		25,943,978	
<b>Creditors: amounts falling due within one year</b>	10	<b>24,776,985</b>		<b>23,129,591</b>	
			-----		-----
<b>Net current assets</b>			<b>3,092,843</b>		<b>2,814,388</b>
			-----		-----
<b>Total assets less current liabilities</b>			<b>5,564,891</b>		<b>5,429,190</b>
			-----		-----
<b>Net assets</b>			<b>5,564,891</b>		<b>5,429,190</b>
			=====		=====
<b>Capital and reserves</b>					
Called-up share capital	14		412		372
Share premium			503		405
Capital redemption reserve			155		151
Profit and loss account			5,563,821		5,428,262
			-----		-----
<b>Shareholders' funds</b>			<b>5,564,891</b>		<b>5,429,190</b>
			=====		=====

The financial statements were approved by the board of directors and authorised for issue on 21<sup>st</sup> October 2021.



A Grimwade

**Director**

The notes on pages 25 to 38 form part of these financial statements.

**FRONTIER ECONOMICS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total equity £
<b>1 May 2020</b>	372	405	151	5,428,262	5,429,190
Profit for the year	-	-	-	135,559	135,559
Total comprehensive income for the year	372	405	151	5,563,821	5,564,749
Cancellation of shares	(4)		4	-	-
Issue of shares	44	98		-	142
Total contributions by and distributions to owners	40	98	4	-	142
<b>30 April 2021</b>	412	503	155	5,563,821	5,564,891
	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total Equity £
<b>1 May 2019</b>	352	336	140	5,358,484	5,359,312
Profit for the year	-	-	-	69,778	69,778
Total comprehensive income for the year	352	336	140	5,428,262	5,429,090
Cancellation of shares	(11)	-	11	-	-
Issue of shares	31	69	-	-	100
Total contributions by and distributions to owners	20	69	11	-	100
<b>30 April 2020</b>	372	405	151	5,428,262	5,429,190

The notes on pages 25 to 38 form part of these financial statements.

**FRONTIER ECONOMICS LIMITED**  
**STATEMENT OF CASH FLOWS**

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
<b>Profit for the financial year</b>		<b>135,559</b>	69,778
Adjustments for:			
Depreciation	8	1,367,634	1,323,642
Amortisation		59,667	59,667
Net interest payable		3,088	14,328
Taxation expense	7	283,559	468,216
Increase in trade and other debtors		(3,055,646)	(2,197,422)
Increase in trade and other creditors		1,959,267	3,617,171
Profit on disposal of tangible fixed assets		-	(519)
		-----	-----
<b>Cash from operations</b>		<b>753,128</b>	3,354,861
Interest paid		(4,887)	(20,112)
Interest received		1,799	5,784
Taxation paid		(585,253)	(543,015)
		-----	-----
<b><i>Net cash generated from operating activities</i></b>		<b>164,787</b>	2,797,519
		-----	-----
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		-	519
Purchases of tangible fixed assets	8	(1,284,546)	(1,823,880)
Purchases of intangible assets		-	-
		-----	-----
<b><i>Net cash from investing activities</i></b>		<b>(1,284,546)</b>	(1,823,361)
		-----	-----
<b>Cash flows from financing activities</b>			
Repayment of bank loan		(185,185)	(222,222)
Issue of shares		142	100
		-----	-----
<b><i>Net cash used in financing activities</i></b>		<b>(185,043)</b>	(222,122)
		-----	-----
<b>Net increase in cash and cash equivalents</b>		<b>(1,304,802)</b>	752,036
Cash and cash equivalents at beginning of year		2,928,603	2,176,587
		-----	-----
<b>Cash and cash equivalents at end of year</b>		<b>1,623,801</b>	2,928,603
		=====	=====

The notes on pages 25 to 38 form part of these financial statements.

# FRONTIER ECONOMICS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1 ACCOUNTING POLICIES

Frontier Economics Limited is a private company limited by shares and incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page, and the nature of the company's operations and its main activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland.

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

The following principal accounting policies have been applied:

#### TURNOVER

In line with FRS 102, revenue for services is measured at the fair value of the consideration received or receivable, and when the company has obtained a right to consideration for those services. Unbilled work in progress at the end of the period is valued according to the stage of completion, taking into account the estimated total costs. Where the right to consideration is conditional or contingent on the outcome of a specified future event, the occurrence of which is outside the company's control, then the revenue is not recognised until the critical event occurs.

The directors have continued to pay particular attention to the assessment of the continued going concern of the company in the light of the Covid-19 pandemic. They conclude that there is a reasonable expectation the company will be able to continue to operate for the foreseeable future.

By design, Frontier has a resilient business model, which would be able to withstand periods of revenue significantly below current levels. Flexibility is built into our bonus scheme, which tracks the operating profit of the company. In the event of any prolonged period of lower revenue, the directors would take mitigating action, such as reducing overheads.

The directors have been monitoring the revenue and trade debtor KPIs closely, particularly in the first few months of the year, alongside the cash flow forecast. They're pleased to report that the pandemic has had no material impact. The future revenue pipeline also remains positive, with revenue growth expected across the next financial year. The directors have available an overdraft facility totalling £2.5m which is due for renewal in December 2021. In a sensitised forecast, the directors would utilise the overdraft facility to cover any potential shortfalls in cash.

On this basis, the directors have a reasonable expectation that the group will have sufficient cash flow and available resources to continue operating for at least 12 months from the approval date of these financial statements. Accordingly, the company continue to adopt the going concern basis in preparing the statements.

# FRONTIER ECONOMICS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand, and highly liquid interest-bearing securities with maturities of three months or less, subject to insignificant risk of change in value.

The future revenues generated by the company website are expected to outweigh the cost of developing the website. When all other capitalisation criteria are met, expenditure on the functionality of the website is capitalised and treated as an intangible fixed asset. Expenditure incurred on maintaining and developing websites used only for advertising and promotional purposes is written off as incurred. Development costs that are capitalised in accordance with the requirements of FRS 102 are not treated, for dividend purposes, as a realised loss.

Amortisation is charged to the income statement on a straight-line basis, over the estimated useful life of the asset. The estimated useful life of the website development costs is five years. Assets under construction are not amortised until the asset is fully brought into use.

### TANGIBLE FIXED ASSETS

Tangible fixed assets are stated as 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 operate in the manner intended by management.

To the carrying amount of a fixed asset, the company adds the cost of replacing part of the asset when the replacement part is expected to provide incremental benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

### DEPRECIATION

Depreciation on assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Leasehold improvements	-	The term of the lease
Fixtures and fittings	-	4-5 years
Computers and equipment	-	3-5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively 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. They are recognised within 'other operating income or losses' in the statement of comprehensive income.

# FRONTIER ECONOMICS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### FOREIGN CURRENCY TRANSLATION

#### *(a) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling, which is the company's functional currency.

#### *(b) Transactions and balances*

Foreign currency transactions are translated into the company's functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### CURRENT AND DEFERRED TAXATION

The tax expense for the period is made up of current and deferred tax. Tax is recognised in profit or loss. There are some exceptions to this: charges attributable to items of income or expense recognised as other comprehensive income, or to items recognised directly in equity, are 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 country where the company operates and generates taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable 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 for business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired, 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### LEASES

Where the group has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the wear and tear occurs.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

# FRONTIER ECONOMICS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### PENSION COSTS

Contributions to employees' personal pension plans are charged to the statement of comprehensive income in the year in which they become payable.

### HOLIDAY PAY ACCRUAL

Any unused holiday pay entitlement that has accrued at the year end date is recognised as a liability and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement that was accrued at the year end date.

### RESERVES

The company's reserves are as follows:

- The called-up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The capital redemption reserve contains the nominal value of owned shares that have been acquired by the company and cancelled.
- The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### SHARE-BASED EMPLOYEE REMUNERATION

The company operates a long-term incentive plan and share option scheme. The fair value of the conditional awards of shares granted under these schemes is determined at the date of grant. This fair value is then expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest.

# FRONTIER ECONOMICS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### FINANCIAL INSTRUMENTS

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities – like cash and cash equivalents, trade and other debtors and creditors, loans from related parties and other third parties, and accrued expenses.

Debt instruments (other than those wholly repayable or receivable within one year), including loan and other debtors and creditors, are initially measured at the present value of the future cash flows. They are subsequently measured at amortised cost, using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors or 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, the financial asset or liability is measured, initially, at the present value of the future cash flow – 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 evidence is found, an impairment loss is recognised in the income statement. 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 a best estimate of the recoverable amount. The latter is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

## 2 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the directors have made the following judgements:

- Unbilled work in progress at the end of the period is valued according to the stage of completion, taking into account the estimated total costs or, in the case of milestone contracts, fully completed milestones.
- Debtors at the end of the period are reviewed. Where recovery is doubtful, a provision for non-recovery is made.
- Share scheme assumptions are detailed within note 15.

**FRONTIER ECONOMICS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**3 TURNOVER**

	2021	2020
	£	£
United Kingdom	30,817,218	29,010,689
Europe	23,601,578	19,860,922
Rest of world	6,956,936	7,534,897
	-----	-----
	<b>61,375,732</b>	<b>56,406,508</b>
	=====	=====

Turnover is derived through the rendering of consultancy services.

**4 OPERATING EXPENSES**

	2021	2020
	£	£
This is arrived at after charging/(crediting):		
Auditors' remuneration		
- audit services	40,000	35,250
- taxation	72,826	74,472
- valuation services	2,306	-
Depreciation	1,367,634	1,323,642
Amortisation	59,667	59,667
Operating lease rentals - land and buildings	2,583,614	2,425,840
Exchange losses	99,458	121,036
Profit on sale of fixed assets	-	(519)
	-----	-----
	<b>61,375,732</b>	<b>56,406,508</b>
	=====	=====

**5 EMPLOYEES**

	2021	2020
	£	£
Staff costs (including directors) consist of:		
Wages and salaries	43,588,655	38,195,490
Social security costs	5,732,421	4,915,145
Pension costs	468,038	391,427
	-----	-----
	<b>49,789,114</b>	<b>43,502,062</b>
	=====	=====

The average number of employees during the year was 350 (2020: 312).

**FRONTIER ECONOMICS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**6 DIRECTORS' REMUNERATION**

	2021	2020
	£	£
Emoluments	3,605,362	2,915,947
Pension costs	28,620	36,260
	-----	-----
	<b>3,633,982</b>	<b>2,952,207</b>
	=====	=====

Salary sacrifice contributions to personal pension plans were made in respect of 3 directors (2020: 2).

The highest paid director received emoluments totalling £782,597 (2020: £538,784) and salary sacrifice pension contributions of £nil (2020: £nil) were paid on their behalf during the year.

**FRONTIER ECONOMICS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**7 TAXATION ON PROFIT FROM ORDINARY ACTIVITIES**

	2021 £	2020 £
<i>Current tax</i>		
UK corporation tax on profits of the year	106,417	233,107
Adjustment in respect of prior periods	157,563	99,558
Foreign taxes suffered	194,583	173,987
	-----	-----
Total current tax charge	458,563	506,652
	=====	=====
<i>Deferred tax</i>		
Total deferred tax credit	(175,005)	(38,436)
	-----	-----
Total tax on profit from ordinary activities	283,559	468,216
	=====	=====
Reconciliation to tax charge for the year:		
Profit before tax per financial statements	419,118	537,994
	=====	=====
Expected tax charge at average UK corporation tax rate of 19% (2020: 19%)	79,632	102,219
<i>Effects of:</i>		
Expenses not deductible for tax purposes	6,777	53,229
Depreciation on assets not eligible for capital allowances	73,241	53,090
Amounts relating to other comprehensive income or otherwise transferred	(11,080)	-
Other permanent differences	(1,187)	-
Adjustment to change in deferred tax rate	-	(12,875)
Adjustment in respect of previous periods – deferred tax	(105,537)	(992)
Adjustment in respect of previous periods – current tax	157,563	99,558
Foreign tax credit	6,245	-
Foreign taxes suffered	188,338	173,987
Double taxation relief provision	(110,433)	-
	-----	-----
	283,559	468,216
	=====	=====

The company's overseas tax rates are higher than those in the UK. This is mainly because profits earned in Germany are taxed at a rate in excess of 32% (2020: 32%). There is no indication that these rates are likely to change in the near future.

**FRONTIER ECONOMICS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**8 TANGIBLE ASSETS**

	Leasehold improvements £	Fixtures and fittings £	Computers and equipment £	Total £
<i>Cost</i>				
At 1 May 2020	5,016,500	1,291,274	2,491,711	8,799,485
Additions	204,901	6,063	1,073,584	1,284,548
	-----	-----	-----	-----
At 30 April 2021	<b>5,221,401</b>	<b>1,297,337</b>	<b>3,565,295</b>	<b>10,084,033</b>
	-----	-----	-----	-----
<i>Depreciation</i>				
At 1 May 2020	3,408,630	933,466	1,923,801	6,265,897
Charge for year	818,027	137,847	411,760	1,367,634
	-----	-----	-----	-----
At 30 April 2021	<b>4,226,657</b>	<b>1,071,313</b>	<b>2,335,561</b>	<b>7,633,531</b>
	-----	-----	-----	-----
<i>Net book value</i>				
At 30 April 2021	<b>994,744</b>	<b>226,024</b>	<b>1,229,734</b>	<b>2,450,502</b>
	=====	=====	=====	=====
At 30 April 2020	1,607,870	357,809	567,910	2,533,589
	=====	=====	=====	=====

**FRONTIER ECONOMICS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**9 DEBTORS**

	2021	2020
	£	£
Trade debtors	16,708,153	14,165,634
Other debtors	642,696	715,620
Accrued income	6,975,530	6,027,718
Prepayments	1,597,757	1,959,518
Deferred tax asset	321,891	146,886
	<u>26,246,027</u>	<u>23,015,376</u>

All amounts shown under debtors fall due for payment within one year.

**10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	£
Trade creditors	659,573	1,822,275
Other creditors	149,978	197,794
Bank loan	-	185,185
Creditors for taxation and social security	3,842,526	2,707,872
Accruals and deferred income	20,018,491	17,983,358
UK corporation tax	106,417	233,107
	<u>24,776,985</u>	<u>23,129,591</u>

**FRONTIER ECONOMICS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**11 FINANCIAL INSTRUMENTS**

	2021 £	2020 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<b>26,013,020</b>	23,866,047
	<u>                    </u>	<u>                    </u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>20,828,042</b>	20,188,612
	<u>                    </u>	<u>                    </u>

Financial assets measured at amortised cost comprise trade debtors, other debtors, accrued income and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and deferred income.

**12 COMMITMENTS UNDER OPERATING LEASES**

The company had minimum lease payments under non-cancellable operating leases as set out below:

	<b>Land and buildings 2021 £</b>	Land and buildings 2020 £
Within one year	<b>2,826,705</b>	2,578,862
In two to five years	<b>9,949,394</b>	10,768,854
After more than five years	<b>1,149,269</b>	3,188,676
	<u>                    </u>	<u>                    </u>
	<b>13,925,368</b>	16,536,392
	<u>                    </u>	<u>                    </u>

**13 COMMITMENTS TO CAPITAL EXPENDITURE**

The company is committed to incurring other capital expenditure of £625,575 (2020: £nil) payable within one year.

**FRONTIER ECONOMICS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**14 SHARE CAPITAL**

	<b>Allotted, called up and fully paid</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
823 (2020: 744) ordinary shares of 50p each	<b>412</b>	<b>372</b>
	<u>          </u>	<u>          </u>

On 18 March 2021, 87 ordinary shares of 50p each were issued at par. During the year, 8 ordinary shares of 50p each were cancelled (2020: 22).

**Share options**

<b>Date of grant</b>	<b>Number of shares</b>	<b>Expiry date</b>	<b>Option price</b>
<i>Unapproved share option scheme</i>			
2015	59,999	30/04/2024	160p
<i>Share option scheme</i>			
2012	203,984	30/09/2022	160p
2014	720,975	30/04/2024	160p
2016	1,621,415	10/03/2026	160p
2017	372,976	15/04/2027	160p
2018	103,994	01/03/2028	160p
2019	840,922	25/07/2029	160p
2020	1,100,912	18/03/2031	160p

The company has issued 1,100,912 new and replacement share options. For further details of options granted and outstanding at the year end, refer to note 15.

**FRONTIER ECONOMICS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**15 SHARE-BASED PAYMENT**

The company operates two equity-settled share-based remuneration schemes for employees: an unapproved scheme and an Enterprise Management Incentive (EMI) scheme for qualifying employees.

Options are only exercisable if, in the opinion of the directors, there will be a change in control of the company, for the directors don't believe this will happen in the foreseeable future, so no fair value charge has been reflected in these financial statements, and no charge is anticipated in future financial statements. At each year end, and prior to the approval of the financial statements, the directors will reconsider the likelihood of a change in control.

If an individual leaves the company, the option lapses.

	<b>30 April 2021</b>	<b>30 April 2021</b>	<b>30 April 2020</b>	<b>30 April 2020</b>
	<b>Weighted average exercise price (pence)</b>	<b>Number</b>	<b>Weighted average exercise price (pence)</b>	<b>Number</b>
Outstanding at the beginning of the period	160	4,021,256	160	3,470,298
Granted during the period		1,100,912		893,915
Forfeited during the period		(96,991)		(342,957)
Lapsed during the period		-		-
	-----	-----	-----	-----
Outstanding at the end of the period	160	5,025,177	160	4,021,256
	=====	=====	=====	=====

The exercise price of options outstanding at the end of the period was 160p (2020: 160p) and their weighted average contractual life was 6.2 years (2020: 6.2 years).

Of the total number of options outstanding at the end of the period, none (2020: none) had vested and were exercisable at the end of the period.

The company did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

**FRONTIER ECONOMICS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**16 BANK GUARANTEES**

The company is a guarantor of letters of credit to its clients and landlords amounting to £301,268 (2020: £509,053) on the assets of the company for the purposes of rental and tender guarantees.

**17 ULTIMATE CONTROLLING PARTY**

There is no ultimate controlling party in the current and comparative year based on the shareholdings in the company.

Key management personnel include all directors and a number of senior managers across the company. Together, they have authority and responsibility for planning, directing and controlling the company's activities.

The total compensation paid to key management personnel for services provided to the company was £16,846,913 (2020: £11,733,912).

Frontier Economics Ltd is a member of the Frontier Economics network, which consists of two separate companies based in Europe (Frontier Economics Ltd) and Australia (Frontier Economics Pty Ltd). Both companies are independently owned, and legal commitments entered into by one company do not impose any obligations on the other company in the network. All views expressed in this document are the views of Frontier Economics Ltd.