

# **Frontier Economics Limited**

Report and Financial Statements

Year Ended

30 April 2020

Company Number 3752719

# Frontier Economics Limited

Report and financial statements  
for the year ended 30 April 2020

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## Contents

### Page:

1	Strategic report
10	Report of the directors
12	Independent auditor's report
15	Statement of comprehensive income
16	Balance sheet
17	Statement of changes in equity
18	Cash flow statement
19	Notes forming part of the financial statements

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## Directors

P J Burns  
J Chain  
D M Elliott  
S Gaysford  
A Grimwade  
G Houpis  
Lord O'Donnell  
C Riechmann  
J Romano  
D Aitman  
M Bax

## Registered office

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 for the year ended 30 April 2020

The Directors present their strategic report together with the audited financial statements for the year ended 30 April 2020.

### Results and dividends

Turnover for the year was £56,406,508 (2019 - £53,074,747) and profit before tax for the year of £537,994 (2019 - £829,715).

Turnover has increased by 6% (2019 - 19%) and, based on the post year end results to date and work in the pipeline, the directors believe this level of trading will continue in 2020, despite the ongoing Covid-19 pandemic.

In line with company policy no dividends are payable (2019 - £Nil).

### Review of the business

Frontier Economics is an economics consultancy that supports clients on some of the most interesting, topical and high-profile issues across the areas of competition, regulation, public policy and strategy. Clients are principally located in the UK, Ireland and mainland Europe, but many operate in other regions of the world, including the Middle East, Africa and Central and South America. Frontier continues to operate offices in Belgium, France, Germany, Ireland, Spain and the UK.

There have been no changes in the scope of the company's activities in the year under review.

Frontier continues to perform strongly and expects to grow operating profit and profit before tax, pre-discretionary bonus, in 2020.

### Key performance indicators

The business uses a range of KPIs to monitor its business performance. These are focussed on promoting profitable income streams, managing cashflow and effective use of our staff, rather than growth for its own sake.

The key KPIs are as follows:

	<b>2020</b>	<b>YOY increase</b>	<b>2019</b>	<b>YOY increase</b>
	<b>£</b>	<b>%</b>	<b>£</b>	<b>%</b>
Turnover	<b>56,405,508</b>	<b>6%</b>	53,074,747	19%
Trade debtors	<b>14,165,634</b>	<b>11%</b>	12,705,446	11%
Accrued income	<b>6,027,718</b>	<b>9%</b>	5,541,267	(11%)

As stated above, turnover has grown during the year by 6%, mainly through organic growth with existing customers and/or existing disciplines. Trade debtors were a similar proportion of revenue at the end of the financial year compared to last year and were below internal target levels despite strong billing in the last two months of the year. Correspondingly, the prepayments and accrued income balance at year end was within internal targets at the end of the financial year, as it was last year.

The business also reviews timesheet data on a monthly basis as part of a work/life balance report to ensure that we manage workloads across all members of staff effectively and proactively.

# Frontier Economics Limited

## Strategic report for the year ended 30 April 2020 (*continued*)

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### Employment

Frontier has clear policies in place around employee training, personal development and mentoring aimed to support career progression. The opportunity to contribute towards running the business is also available.

The company is strongly committed to employee share ownership. All permanent staff are issued one share each and are entitled to a certain number of share options relevant to their grade and the company operates a profit sharing scheme which is distributed on a bi-annual basis.

Frontier operates an equal opportunities employment policy and is opposed to all forms of discrimination. Our selection processes are non-discriminatory and always seek to give full and fair consideration to those with disabilities for all vacancies, taking into account their aptitudes and skills. In the event of employees becoming disabled, every effort would be made to ensure their employment with the company continues and appropriate training arranged.

The company's policy as regards to health and safety is to comply with all relevant legislation to ensure, as far as is reasonably practicable, the health, safety and welfare at work of all its employees.

### Principal risks and uncertainties

The market in which the company operates is highly competitive. The company's strategy is focussed on success in this environment by providing its clients with world-class economic advice. This balances state-of-the-art academic standards with a detailed understanding of the commercial and regulatory environment in which its clients operate.

**People risk.** To provide this advice the company needs economists of the highest quality. For this reason the company places considerable emphasis on recruitment, training and retention of staff at all levels.

**Price risk.** To ensure the company remains 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. The Finance Director considers cash flow projections on a monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary. The company has an overdraft facility with HSBC bank, which is likely to be replaced with an invoice discounting facility by the end of 2020, which would likely provide a higher draw down facility (in line with revenue) at a cheaper cost. 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 Frontier's London office in 2016 is due to be repaid in full as per the agreed payment schedule by February 2021.

**Credit risk.** There has been no slowdown in cash receipts (or revenue) across 2020, despite the ongoing Covid-19 pandemic. Debtors are monitored by the executive directors and the risk is not considered to be significant at the balance sheet date.

**Foreign exchange risk.** The Finance Director 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 for the year ended 30 April 2020 (*continued*)

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### Principal risks and uncertainties (*continued*)

**Brexit risk.** The company provides services to clients across a wide geographical area, particularly in the UK and across Europe, with those services being delivered by a diverse, international group of economists. The Directors continue to monitor the risks to the company associated with Brexit and conclude that, whilst there will likely be some operational matters to consider, such as additional administrative costs associated with recruitment and travel between offices, and different storage requirements for data, there will be no material impact on the ability of the company to continue to operate as normal.

**Going concern risk.** The Directors have paid particular attention to the assessment of the continued going concern of the company in the light of the outbreak of COVID-19, and the impact of the pandemic on the global economy, and have come to the conclusion that there is a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future.

By design, the company has a naturally very resilient business model, which would be able to withstand periods of revenue significantly below current trading levels without needing to draw on external facilities or cut costs, through the flexibility built into the company's bonus system 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 over recent months, alongside the cashflow forecast, and are pleased to report that there has been no material impact on revenue or cash collection caused by the COVID-19 pandemic. The future revenue pipeline also remains positive, with revenue growth expected across the next financial year.

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

The company has an existing overdraft facility with its bank, which is utilised on a sporadic basis. The company agreed, in principle, access to an increased external facility with the bank, although this has not been taken up to date as it has not been required nor has it looked likely to be required in the foreseeable future.

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 Group and the Company continues to adopt the going concern basis in preparing its Financial Statements.

# Frontier Economics Limited

## Strategic report for the year ended 30 April 2020 (*continued*)

### Companies Act Section 172 Statement

The board of Directors of Frontier consider, both individually and together, that they have acted in the way they consider, in good faith, would most likely promote the success of Frontier for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172 (1) (a-f) of the Companies Act 2006) in the decisions taken in the year ended 30 April 2020 and summarise those actions in the table below.

Section 172 interests	Actions in the period
<p>a) Likely consequence of any decision in the long term</p>	<p>The board considers all decisions on the basis of reports made to it by the executive directors (mostly through the Management Committee). Supporting papers setting out the relevant facts are provided, providing the context and reasons for any proposals and the associated costs, benefits and risks and impact on Frontier's stakeholders. All decisions are taken with the long term interests of our stakeholders in mind.</p> <p>Key decisions made during the year were:</p> <ul style="list-style-type: none"> <li>• To sign a new lease for the current Frontier London office, as the existing lease was due to expire in February 2021 and it was decided that we would not move to a new office location.</li> <li>• Actions taken following the outbreak of the COVID-19 pandemic to conserve cash and profitability, such as adopting the government scheme to defer VAT payments and a temporary restriction on cost budgets until it was clear what the impact would be on our revenue and cash collection position, and also to protect and enhance the wellbeing of our employees as they adapted to working from home.</li> </ul>
<p>b) Interests of employees</p>	<p>At Frontier, all our shareholders are employees – and all our employees are shareholders. This is to align the human capital in the company with its ownership. The interests of employees is central to the long term sustainability of the company and therefore a key focus for the Board.</p> <p>There are numerous channels through which the interests of employees are promoted, starting from recruitment: We are determined that everyone has an equal chance to join us and progress their career with Frontier. We are committed to promoting diversity and inclusion in all its forms, through creating fair and varied opportunities for progression across the firm, with a fair reward structure. Each employee has a mentor, and is encouraged to play a part in the company that goes beyond their individual project work. More formally, staff representatives engage frequently with the Management Committee and we have four shareholder representatives, drawn from across the company, who lead our Annual Shareholder Meeting and attend all of our Board meetings, where they are encouraged to share their perspective and challenge the Board where appropriate.</p> <p>Openness is one of our founding values. It runs through our DNA, building trust, mutual respect and encouraging teamwork. Openness means that everyone at Frontier should feel comfortable about who they are and empowered to bring their full selves to work.</p> <p>By doing this, we bring together the imagination, curiosity and flexibility to deliver advice that gets to the heart of what matters to our clients. We also think working with a diverse range of colleagues makes life more fun and interesting.</p>

# Frontier Economics Limited

Strategic report  
for the year ended 30 April 2020 (*continued*)

## Companies Act Section 172 Statement (*continued*)

Section 172 interests	Actions in the period
c) Foster business relationships with clients, associates, subcontractors and suppliers	<p>The success of Frontier is dependent upon the strong relationships it builds both externally with its clients and associates/subcontractors and internally with employees. Deep and long lasting client relationships are managed by individual Directors and Practice areas, with all of our employees encouraged to start building such relationships early on in their career. Strong relationships are also built with associates, subcontractors and suppliers, including ensuring that they are all paid on time.</p> <p>Internally, Frontier ensures that employees are kept up to date via regular communications including weekly newsletters, quarterly business updates and Frontier's intranet.</p> <p>Frontier carries out checks on both new clients and suppliers and also background checks on new employees.</p>
d) Maintain a reputation for high standards of business conduct	<p>Acting ethically is important to Frontier. So we make sure that the way we work is consistent with high ethical standards consistent with our values, and our feedback from clients and employees consistently tells us that we are trusted. Some examples of specific actions/processes:</p> <ul style="list-style-type: none"> <li>• We have signed up to the UN Global Compact (UNGC). Our projects comply with the commitments made in the compact.</li> <li>• Our staff are encouraged to raise any ethical concerns about the projects that they work on.</li> <li>• We always consider the ethical dimension of any project before we start work to ensure it does not conflict with our values.</li> <li>• We require our suppliers to work with us to promote high ethical standards and to abide by our Supplier Code of Conduct and our Modern Slavery Act statement that are available on our website</li> </ul>
e) Act fairly as between members of the company	<p>Frontier Economics prides itself in supporting all employees to meet their potential through continued personal and professional development. We have a wide range of blended learning opportunities available, giving our employees the tools they need to take their career further. We run a mentoring programme.</p> <p>Frontier undertakes an extensive six-monthly review of the appropriate distribution of bonuses across all employees, using a transparent and consistent process for the calculation of such bonuses, alongside an annual review of pay and promotions. These reviews ensure that the outcomes are fair, consistent with performance and free from any unconscious bias.</p>

# Frontier Economics Limited

Strategic report  
for the year ended 30 April 2020 (*continued*)

## Companies Act Section 172 Statement (*continued*)

Section 172 interests	Actions in the period
<p>f) Impact of the operations on the community and the environment</p>	<p>We care about making a difference, both for clients and the wider community.</p> <p>We think that it is important to support a wide range of good causes where we live and work, alongside the consultancy services that we provide to charities on a pro-bono basis.</p> <p>Frontier supports those employees who contribute to charities and other good causes through offering volunteering days and matched donations, whilst also holding our own fundraising events. We have built strong relationships with several local charities and educational establishments. These charities and community groups benefit from the time and money donated by Frontier. However our staff also benefit from the opportunity to gain new skills and experiences by working in challenging sectors.</p> <p>Our recent initiatives include:</p> <p>The Access Project: We work with bright students from disadvantaged backgrounds, providing volunteer tuition, to help them gain access to top universities.</p> <p>City Gateway: teaching English at “literacy lunches” for disadvantaged young women.</p> <p>Caritas Job Café: helping refugees in Cologne with their applications for jobs and apprenticeships</p>
	<p>We are committed to reducing the impact that our business has on the environment. We have been a ‘carbon zero’ company since 2010. With a growing pool of environmental economists in our team, we show a strong commitment to reducing waste and avoiding emissions.</p> <p>The same behavioural economics techniques that we advise clients to use, can also give our employees small “nudges” to encourage them to reduce their environmental impact. We know that small changes, such as using smart lighting, heating and printing technology, go a long way to reducing the resources that Frontier uses.</p>

### Approval

This strategic report was approved on behalf of the Board on 22 October 2020.



A Grimwade

Director

# Frontier Economics Limited

## Streamlined Energy and Carbon Reporting (SECR) for the year ended 30 April 2020

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Streamlined Energy and Carbon Reporting (SECR) is a UK government requirement for mandatory annual reporting and disclosure of energy and carbon information within company accounts. The following note is to give an overview of the approach Frontier has taken to date in order to manage and audit their carbon emissions and to provide the necessary information to achieve compliance with the SECR scheme.

### Executive Summary

Frontier adopted an environmental policy in 2009 in order to manage and measure our carbon footprint, namely to minimise the usage of paper, energy, water and other scarce resources and to reduce the impact of business travel on carbon emissions, across all office locations.

To date we can produce 11 years of audited CO<sub>2</sub> reports and have had status as a “CarbonZero” company through our support of the social impact carbon offset projects run by CO<sub>2</sub>Balance in Africa.

To date, Frontier Economics have offset 4,793.94 tonnes of carbon dioxide emissions to balance out their carbon footprint. This includes CO<sub>2</sub>balance’s improved cook stove project in Kenya and borehole rehabilitation project in Uganda – improving the lives of thousands of people within these project areas.

### Background and Methodology

Frontier uses the firm CO<sub>2</sub>balance UK Ltd to run an independent audit of its greenhouse gas emissions on an annual basis. The annual review is based on the data that Frontier produces and is analysed and completed by CO<sub>2</sub>balance. Emissions factors are taken from DEFRA / DECC’s “UK Government conversion factors for Company Reporting”.

The historic reporting period for our emissions ran over a calendar year (Jan to Dec). In order to align the emissions reporting with our financial year (May to April) this report includes a 16-mths period with data covering Jan 2019 to April 2020. Going forward we are therefore establishing our base year to cover May to April.

The assessment methodology for the Greenhouse Gas Assessment follows the reporting principles and guidelines provided by the Greenhouse Gas Protocol published by the World Business Council for Sustainable Development and the World Resources Institute (WBCSD/WRI Protocol). In line with the WBCSD/WRI Protocol, CO<sub>2</sub>balance uses these procedures to undertake Greenhouse Gas Emissions Assessments.

### Organisational Boundary

For the purpose of our annual carbon footprint report, CO<sub>2</sub>balance calculate the emissions for which Frontier Economics has direct Financial Control over.

Our annual review reports emissions under all 3 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)

# Frontier Economics Limited

## Streamlined Energy and Carbon Reporting (SECR) for the year ended 30 April 2020 (*continued*)

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CATEGORY	ACTIVITY	SCOPE
ENERGY / PREMISE	Gas consumption	Scope 1
	Electricity	Scope 2
	Water usage	Scope 3
	Waste Disposal	Scope 3
BUSINESS TRAVEL	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

### Key Performance Indicators (KPI's)

As an economic consultancy operating in an office environment our key environmental impacts are electricity and business travel emissions.

We include data from all Frontier offices (Berlin, Brussels, Cologne, Dublin, London, Madrid, Paris) reporting overall company emissions as well as a breakdown per office.

For offices where energy data is unavailable CO<sub>2</sub>e p/sqm of air-conditioned office space is applied. Emissions for rail and taxis travel are based on £'s spent per category (CO<sub>2</sub>e per £).

### Intensity Ratio

Since 2009 Frontier has undergone a period of substantial growth with number of employees increasing year on year as well as office space expansions across Europe. We had therefore deemed it most relevant to normalise 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.

# Frontier Economics Limited

## Streamlined Energy and Carbon Reporting (SECR) for the year ended 30 April 2020 (*continued*)

### Emissions Reporting Overview

Figure 1: Comparison emissions current to previous period

	Current Reporting Period – Jan 2019 to Apr 2020		Comparison Reporting Year – Jan to Dec 2018	
	UK (tCO2e)	Offshore (tCO2e)	UK (tCO2e)	Offshore (tCO2e)
Emissions from activities which the company own or control (Scope 1 Emissions)	0	0	0	0
Emissions from purchased electricity, steam and cooling (Scope 2 – Market Based)	135.29	78.55	126.44	38.54
Total gross Scope 1 & 2 Emissions	135.29	78.55	126.44	38.54
Total Scope 3 Emissions	315.46	340.77	218.89	221.08
Total emissions – Scope 1, 2 & 3	450.75	419.32	345.33	259.62
Total company emissions		870.07		604.95
Intensity ratio - tCO2e per FTE	1.85	4.32	1.51	3.42
<b>Total company intensity ratio - tCO2e per FTE</b>		<b>1.91</b>		<b>1.99</b>
Information about energy efficiency action taken by the organisation	Frontier committed to the Plastic Free Pledge, seeking ways to reduce or omit the use of plastic in our office environments as much as reasonably possible.			
Methodology	The assessment methodology for the Greenhouse Gas Assessment follows the reporting principles and guidelines provided by the Greenhouse Gas Protocol published by the World Business Council for Sustainable Development and the World Resources Institute (WBCSD/WRI Protocol). In line with the WBCSD/WRI Protocol, CO2balance uses these procedures to undertake Greenhouse Gas Emissions Assessments.			

Source: CO2 audit report by CO2balance UK Ltd

- 1 Relates to the 16-months period from Jan 2019 to April 2020 (total emissions for a full 12-months period would have been 652.56 tCO2e) compared to previous 12-months periods.
- 2 Defined as emissions from the company's offices based in Belgium, Ireland, Germany, Spain, France and Germany
- 3 Always based on a 12 months period (Jan-Dec) and not adjusted to current 16-months period.

# Frontier Economics Limited

## Report of the directors for the year ended 30 April 2020

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The Directors present their report together with the audited financial statements for the year ended 30 April 2020.

### Directors

The directors of the company during the year were:

P J Burns  
J Chain (resigned 30/06/2020)  
D M Elliott  
S Gaysford  
A Grimwade  
G Houpis  
Lord O'Donnell  
M Ridge (resigned 23/01/2020)  
C Riechmann  
J Romano  
D Aitman (appointed 14/07/2020)  
M Bax (appointed 14/07/2020)

### Charitable donations

During the year donations totalling £7,193 (2019 - £12,059) were made to charitable organisations.

### Directors' responsibilities

The Directors are responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

# Frontier Economics Limited

## Report of the directors for the year ended 30 April 2020 (*continued*)

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### Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit 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 22 October 2020

# Frontier Economics Limited

## Independent auditor's report

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

#### Opinion

We have audited the financial statements of Frontier Economics Limited ("the Company") for the year ended 30 April 2020 which comprise Statement of comprehensive income, Balance sheet, Statement of changes in equity and Statement of cash flows, and the 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

# Frontier Economics Limited

## Independent auditor's report (*continued*)

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

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

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

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

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

### Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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.

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

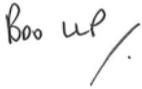
# Frontier Economics Limited

## Independent auditor's report (*continued*)

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### Use of our report

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



**Tim Neathercoat** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London, UK

Date 22 October 2020

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

# Frontier Economics Limited

## Statement of comprehensive income for the year ended 30 April 2020

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	Note	2020 £	2019 £
<b>Turnover</b>	3	<b>56,406,508</b>	53,074,747
Administrative costs		<b>(55,854,186)</b>	(52,226,975)
		<hr/>	<hr/>
<b>Operating profit</b>		<b>552,322</b>	847,772
Interest receivable		<b>5,784</b>	5,647
Interest payable	4	<b>(20,112)</b>	(23,704)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	5	<b>537,994</b>	829,715
Taxation on profits on ordinary activities	8	<b>(468,216)</b>	(279,760)
		<hr/>	<hr/>
<b>Profit for the financial year and total comprehensive income</b>		<b>69,778</b>	549,955
		<hr/> <hr/>	<hr/> <hr/>

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 19 to 29 form part of these financial statements

# Frontier Economics Limited

Balance sheet as at 30 April 2020

<b>Company number 3752719</b>	<b>Note</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	9		<b>2,533,589</b>		2,033,350
Intangible assets	10		<b>81,213</b>		140,880
<b>Current assets</b>					
Debtors	11	<b>23,015,376</b>		20,779,518	
Cash at bank and in hand		<b>2,928,603</b>		2,176,567	
			<b>25,943,979</b>		22,956,085
<b>Creditors: amounts falling due within one year</b>	12	<b>23,129,591</b>		19,585,818	
<b>Net current assets</b>			<b>2,814,388</b>		3,370,267
<b>Total assets less current liabilities</b>			<b>5,429,190</b>		5,544,497
<b>Creditors: amounts falling due after more than one year</b>	13		-		185,185
<b>Provisions for deferred taxation</b>	14		-		-
			<b>5,429,190</b>		5,359,312
<b>Capital and reserves</b>					
Called up share capital	17		<b>372</b>		352
Share premium			<b>405</b>		336
Capital redemption reserve			<b>151</b>		140
Profit and loss account			<b>5,428,262</b>		5,358,484
<b>Shareholders' funds</b>			<b>5,429,190</b>		5,359,312

The financial statements were approved by the Board of Directors and authorised for issue on 22 October 2020.



A Grimwade  
Director

The notes on pages 19 to 29 form part of these financial statements

# Frontier Economics Limited

## Statement of changes in equity for the year ended 30 April 2020

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total equity £
<b>1 May 2019</b>	<b>352</b>	<b>336</b>	<b>140</b>	<b>5,358,484</b>	<b>5,359,312</b>
Profit for the year	-	-	-	<b>69,778</b>	<b>69,778</b>
Total comprehensive income for the year	<b>352</b>	<b>336</b>	<b>140</b>	<b>5,428,262</b>	<b>5,429,090</b>
Cancellation of shares	<b>(11)</b>	-	<b>11</b>	-	-
Issue of shares	<b>31</b>	<b>69</b>	-	-	<b>100</b>
Total contributions by and distributions to owners	<b>20</b>	<b>69</b>	<b>11</b>	-	<b>100</b>
<b>30 April 2020</b>	<b>372</b>	<b>405</b>	<b>151</b>	<b>5,428,262</b>	<b>5,429,190</b>
<b>1 May 2018</b>	<b>359</b>	<b>66</b>	<b>133</b>	<b>4,808,799</b>	<b>4,809,357</b>
Profit for the year	-	-	-	<b>549,955</b>	<b>549,955</b>
Total comprehensive income for the year	<b>359</b>	<b>66</b>	<b>133</b>	<b>5,358,754</b>	<b>5,359,312</b>
Cancellation of shares	<b>(7)</b>	-	<b>7</b>	-	-
Issue of shares	-	-	-	-	-
Share premium correction	-	<b>270</b>	-	<b>(270)</b>	-
Total contributions by and distributions to owners	<b>(7)</b>	-	<b>7</b>	-	-
<b>30 April 2019</b>	<b>352</b>	<b>336</b>	<b>140</b>	<b>5,358,484</b>	<b>5,359,312</b>

The notes on pages 19 to 29 form part of these financial statements

# Frontier Economics Limited

## Statement of cash flows for the year ended 30 April 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
<b>Profit for the financial year</b>		<b>69,778</b>	549,955
Adjustments for:			
Depreciation	9	1,323,642	1,014,980
Amortisation		59,667	38,120
Net interest payable		14,328	18,058
Taxation expense	8	468,216	279,760
Increase in trade and other debtors		(2,197,422)	(728,330)
Increase in trade and other creditors		3,617,171	2,519,808
Profit on disposal of tangible fixed assets		(519)	(2,436)
<b>Cash from operations</b>		<b>3,354,861</b>	3,689,915
Interest paid		(20,112)	(23,704)
Interest received		5,784	5,647
Taxation paid		(543,014)	(405,249)
<b>Net cash generated from operating activities</b>		<b>2,797,519</b>	3,266,609
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		519	4,332
Purchases of tangible fixed assets		(1,823,880)	(869,487)
Purchases of intangible assets		-	(72,000)
<b>Net cash from investing activities</b>		<b>(1,823,361)</b>	(937,155)
<b>Cash flows from financing activities</b>			
Repayment of bank loan		(222,222)	(222,222)
Issue of shares		100	-
<b>Net cash used in financing activities</b>		<b>(222,122)</b>	(222,222)
<b>Net increase in cash and cash equivalents</b>		<b>752,036</b>	2,107,232
Cash and cash equivalents at beginning of year		2,176,567	69,335
<b>Cash and cash equivalents at end of year</b>		<b>2,928,603</b>	2,176,567
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand		2,928,603	2,176,567
Overdraft		-	-
		<b>2,928,603</b>	2,176,567

The notes on pages 19 to 29 form part of these financial statements

# Frontier Economics Limited

## Notes forming part of the financial statements for the year ended 30 April 2020

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### 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 principal 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 United Kingdom and the Republic of Ireland.

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

The following principal accounting policies have been applied:

#### *Turnover*

In line with the requirements of FRS102, 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 of the company's control, then the revenue is not recognised until the critical event occurs.

#### *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 changes in value.

#### *Intangible fixed assets – Website development costs*

The company website is expected to generate future revenues in excess of the costs of developing those websites and 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 websites and expenditure incurred on developing websites used only for advertising and promotional purposes are 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 3 years. Assets under construction are not amortised until the asset is fully brought into use.

#### *Tangible fixed assets*

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future 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.

# Frontier Economics Limited

## Notes forming part of the financial statements for the year ended 30 April 2020 (*continued*)

### 1 Accounting policies (*continued*)

#### *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 & 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 appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

#### *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 prevailing 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 comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the country where the company operates and generates taxable income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

# Frontier Economics Limited

## Notes forming part of the financial statements for the year ended 30 April 2020 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Leases*

The company has taken advantage of the optional exemption available on transition to FRS 102 in previous years, which allows lease incentives on leases entered into before the date of transition to the standard (1 May 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

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.

#### *Pension costs*

Contributions to employees' personal pension plans are charged to the profit and loss account in the year in which they become payable.

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### *Reserves*

The Company's reserves are as follows:

- 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 own shares that have been acquired by the company and cancelled.
- 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 the long-term incentive plan and the options granted under the share options scheme are 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 for the year ended 30 April 2020 (*continued*)

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### 1 Accounting policies (*continued*)

#### *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 loans and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors 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, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, 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 objective evidence of impairment 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 best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

### 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 and where recovery is doubtful, a provision for non-recovery is made.
- Share scheme assumptions are detailed within note 18.
- Determined whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

# Frontier Economics Limited

## Notes forming part of the financial statements for the year ended 30 April 2020 (continued)

### 3 Turnover

Analysis of turnover by geographical market is given below:

	2020 £	2019 £
United Kingdom	29,010,689	22,942,515
Rest of Europe	19,860,922	18,718,758
Rest of World	7,534,897	11,413,474
	<u>56,406,508</u>	<u>53,074,747</u>

Turnover is derived through rendering of consultancy services

### 4 Interest payable and similar charges

	2020 £	2019 £
Loans and overdrafts	20,112	23,704
	<u>20,112</u>	<u>23,704</u>

### 5 Profit on ordinary activities before taxation

	2020 £	2019 £
This is arrived at after charging/(crediting):		
Auditors' remuneration		
- audit services	35,250	35,106
- taxation	74,472	62,414
Depreciation	1,323,642	1,014,980
Amortisation	59,667	38,120
Operating lease rentals - land and buildings	2,425,840	2,231,258
Exchange losses/(gains)	121,036	(46,867)
Profit on sale of fixed assets	(519)	(2,436)
	<u>3,999,187</u>	<u>3,366,635</u>

### 6 Employees

	2020 £	2019 £
Staff costs (including directors) consist of:		
Wages and salaries	38,195,490	35,230,795
Social security costs	4,915,145	4,200,935
Pension costs	391,427	252,982
	<u>43,502,062</u>	<u>39,684,712</u>

The average number of employees during the year was 312 (2019 - 261).

# Frontier Economics Limited

## Notes forming part of the financial statements for the year ended 30 April 2020 (*continued*)

### 7 Directors' remuneration

	2020 £	2019 £
Emoluments	2,915,947	4,269,220
Pension costs	36,260	50,151
	<u>2,952,207</u>	<u>4,319,371</u>

Salary sacrifice contributions to personal pension plans were made in respect of 2 directors (2019 - 2).

The highest paid director received emoluments totalling £538,784 (2019 - £865,795) and salary sacrifice pension contributions of £nil (2019 - £nil) were paid on their behalf during the year.

### 8 Taxation on profit from ordinary activities

	2020 £	2019 £
<i>Current tax</i>		
UK corporation tax on profits of the year	233,107	269,469
Adjustments in respect of prior periods	99,558	28,926
Unrelieved foreign tax provision	173,987	-
	<u>506,652</u>	<u>298,395</u>
Total current tax charge		
<i>Deferred tax</i>		
Total deferred tax credit	(38,436)	(18,635)
	<u>468,216</u>	<u>279,760</u>
Total tax on profit from ordinary activities		
Reconciliation to tax charge for the year:		
Profit before tax per financial statements	<u>537,994</u>	<u>829,715</u>
Expected tax charge at average UK corporation tax rate of 19% (2019 - 19%)	102,219	157,646
<i>Effects of:</i>		
Expenses not deductible for tax purposes	53,229	49,253
Depreciation on assets not eligible for capital allowances	53,090	41,500
Adjustment to change in deferred tax rate	(12,875)	2,218
Adjustment in respect of previous periods – deferred tax	(992)	217
Adjustment in respect of previous periods – current tax	99,558	28,926
Unrelieved foreign tax provision	173,987	-
	<u>468,216</u>	<u>279,760</u>

# Frontier Economics Limited

## Notes forming part of the financial statements for the year ended 30 April 2020 (*continued*)

### 8 Taxation on profit from ordinary activities (*continued*)

The company's overseas tax rates are higher than those in the UK primarily because profits earned in Germany are taxed at a rate in excess of 32% (2019: 29%). In this respect, foreign tax suffered in 2017 of £244,386 has been recovered through UK double taxation relief only up to an amount of £144,828, leading to the charge within the year of £99,558. In addition, the current year also includes a provision of £173,987 for subsequent periods (January 2018 to April 2020) for foreign taxes which will not be recoverable through a double taxation relief in the UK.

There is no indication that these rates are likely to change in the near future.

### 9 Tangible assets

	Leasehold improvements £	Fixtures and fittings £	Computers and equipment £	Total £
<i>Cost</i>				
At 1 May 2019	3,850,224	1,074,525	2,053,000	6,977,749
Additions	1,166,276	218,893	438,711	1,823,880
Disposals	-	(2,144)	-	(2,144)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2020	<b>5,016,500</b>	<b>1,291,274</b>	<b>2,491,711</b>	<b>8,799,485</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 May 2019	2,547,003	803,476	1,593,920	4,944,399
Charge for year	861,627	132,133	329,881	1,323,641
Disposals	-	(2,144)	-	(2,144)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2020	<b>3,408,630</b>	<b>933,465</b>	<b>1,923,801</b>	<b>6,265,896</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 April 2020	<b>1,607,870</b>	<b>357,809</b>	<b>567,910</b>	<b>2,533,589</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 April 2019	1,303,221	271,049	459,080	2,033,350
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# Frontier Economics Limited

Notes forming part of the financial statements  
for the year ended 30 April 2020 (*continued*)

## 10 Intangible assets

	Websites £	Total £
<i>Cost</i>		
At 1 May 2019	179,000	179,000
Additions	-	-
Disposals	-	-
	<hr/>	<hr/>
At 30 April 2020	<b>179,000</b>	<b>179,000</b>
	<hr/>	<hr/>
<i>Depreciation</i>		
At 1 May 2019	38,120	38,120
Charge for year	59,667	59,667
Disposals	-	-
	<hr/>	<hr/>
At 30 April 2020	<b>97,787</b>	<b>97,787</b>
	<hr/>	<hr/>
<i>Net book value</i>		
At 30 April 2020	<b>81,213</b>	<b>81,213</b>
	<hr/> <hr/>	<hr/> <hr/>
At 30 April 2019	140,880	140,880
	<hr/> <hr/>	<hr/> <hr/>

## 11 Debtors

	2020 £	2019 £
Trade debtors	<b>14,165,634</b>	12,705,446
Other debtors	<b>715,620</b>	473,285
Accrued income	<b>6,027,718</b>	5,541,267
Prepayments	<b>1,959,518</b>	1,951,070
Deferred tax asset	<b>146,886</b>	108,450
	<hr/>	<hr/>
	<b>23,015,376</b>	20,779,518
	<hr/> <hr/>	<hr/> <hr/>

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

# Frontier Economics Limited

## Notes forming part of the financial statements for the year ended 30 April 2020 (continued)

### 12 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,822,275	1,825,972
Other creditors	197,794	207,770
Bank loan	185,185	222,222
Bank overdraft	-	-
Creditors for taxation and social security	2,707,872	1,805,452
Accruals and deferred income	17,983,358	15,254,933
UK corporation tax	233,107	269,469
	<u>23,129,591</u>	<u>19,585,818</u>

### 13 Creditors: amounts falling due after one year

	2020 £	2019 £
Bank loan	-	185,185
	<u>-</u>	<u>185,185</u>

The facility is secured over all assets of the Company. Interest on the loan is fixed and charged at 3.19% per annum over the Bank of England Base Rate.

### 14 Provision for deferred taxation liability

	Provided 2020 £	Provided 2019 £
Accelerated capital allowances	-	-
	<u>-</u>	<u>-</u>

### 15 Financial instruments

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	25,797,093	22,504,120
	<u>25,797,093</u>	<u>22,504,120</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	20,187,998	16,912,172
	<u>20,187,998</u>	<u>16,912,172</u>

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

Financial liabilities measured at amortised cost comprise payments received on account, trade creditors, other creditors and accruals.

# Frontier Economics Limited

## Notes forming part of the financial statements for the year ended 30 April 2020 (*continued*)

### 16 Commitments under operating leases

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

	<b>Land and buildings 2020 £</b>	Land and buildings 2019 £
Within one year	<b>2,578,862</b>	2,231,258
In two to five years	<b>10,768,854</b>	3,915,114
After more than five years	<b>3,188,676</b>	1,946,173
	<hr/> <b>16,536,392</b> <hr/>	<hr/> 8,092,545 <hr/>

### 17 Share capital

	<b>Allotted, called up and fully paid 2020 £</b>	2019 £
744 (2019 - 703) Ordinary shares of 50p each	<b>372</b>	352
	<hr/> <b>372</b> <hr/>	<hr/> 352 <hr/>

On 25 July 2019, 63 Ordinary shares of 50p each were issued at par. During the year 22 ordinary shares of 50p each were cancelled (2019 - 14).

#### 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	796,973	30/04/2024	160p
2016	1,657,412	10/03/2026	160p
2017	380,974	15/04/2027	160p
2018	113,994	01/03/2028	160p
2019	867,919	25/07/2029	160p

The Company has issued 893,915 new and replacement Share Options. For further details of options granted and outstanding at the year-end refer to note 18.

# Frontier Economics Limited

## Notes forming part of the financial statements for the year ended 30 April 2020 (continued)

### 18 Share based payment

The company operates two equity-settled share based remuneration schemes for employees, being 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. In the opinion of the Directors, there will be no Change in Control for the foreseeable future and on this basis no fair value charge has been reflected with these financial statements nor is anticipated in future financial statements. At each year end, and prior to the approval of the financial statements the Directors will re-consider the assessment of the likelihood of a change in Control of the Company.

If an individual leaves the company, their options lapse.

	<b>30 April 2020</b>	<b>30 April 2020</b>	30 April 2019	30 April 2019
	<b>Weighted average exercise price (pence)</b>	<b>Number</b>	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	<b>160</b>	<b>3,470,298</b>	160	3,625,283
Granted during the period	-	<b>893,915</b>	-	-
Forfeited during the period	-	<b>(342,957)</b>	-	(40,999)
Lapsed during the period	-	-	-	(113,986)
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at the end of the period	<b>160</b>	<b>4,021,256</b>	160	3,470,298
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The exercise price of options outstanding at the end of the period was 160p (2019 - 160p) and their weighted average contractual life was 6.2 years (2019 – 6.5 years).

Of the total number of options outstanding at the end of the period, none (2019 - 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.

### 19 Bank guarantees

The company is a guarantor of letters of credit to its clients and landlords amounting to £509,053 (2019 - £323,979) on the assets of the company for the purposes of rental and tender guarantees.

### 20 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 who together have authority and responsibility for planning, directing and controlling the activities of the company.

The total compensation paid to key management personnel for services provided to the company was £11,733,912 (2019 - £14,405,236).