

**Gartner U.K. Limited**

**Annual report and financial statements**

For the year ended 31 December 2018

Registered number 02266016



## **Directors' report and financial statements**

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## Strategic report

The directors present their strategic report for the year ended 31 December 2018.

### Principal Activity

Gartner U.K. Limited (the "Company") is a UK subsidiary of Gartner, Inc., the world's leading research and advisory company. The Company equips business leaders with indispensable insights, advice and tools to achieve their goals and build the successful organizations of tomorrow.

As part of Gartner, Inc.'s legal entity alignment initiative, the Company undertook a series of integration and restructure transactions during 2018, and acquired the businesses and assets of Machina Research Ltd, Rapture World Limited, L2 UK Limited, and CEB Global Limited.

As a result, the Company's business has expanded.

### Financial Performance Review

For the year ended 31 December 2018, the business made an operating profit of £9,106,000 (2017: £3,782,000) on sales of £261,124,000 (2017: £200,379,000). Headcount at the year-end was 1,721 (2017: 1,264) with access to a far greater pool of associates, contractors and resources from other group companies.

The profit after taxation for the year ended 31 December 2018 was £4,970,000 (2017: £2,000,000). The increase was mostly attributable to expanded operations.

### Business Environment

#### Overview

Gartner, Inc., a corporation organized under the laws of the State of Delaware, USA and headquartered in Stamford, Connecticut, USA ("Gartner USA"), and its direct and indirect subsidiaries together constitute the world's leading research and advisory company. The Company delivers business services and products in the following business segments:

- **Research** provides trusted, objective insights and advice on the mission-critical priorities of leaders across all functional areas of the enterprise through research and other reports, briefings, proprietary tools, access to the Company's analysts and advisors, peer networking services and membership programs that enable the clients to make better decisions.
- **Conferences** (formerly called Events) provide business professionals across the organization the opportunity to learn, share and network. From the Company's flagship CIO conference Gartner IT Symposium, to industry-leading conferences focused on specific business roles and topics, to member-driven sessions, the Company's offerings enable attendees to experience the best of Gartner insight and advice live.
- **Consulting** provides customised solutions to unique client needs through on-site, day-to-day support, as well as proprietary tools for measuring and improving IT performance with a focus on cost, performance, efficiency and quality.

For more information regarding Gartner and its products and services, visit [www.gartner.com](http://www.gartner.com).

## Strategic report (continued)

### Competitive Advantages

The Company believes that the principal factors that differentiate it from its competitors are:

- Superior research content — The Company believes that it creates and has access to the broadest, highest-quality and most relevant research coverage of all major functional roles in the enterprise. The Company's research analysis generates unbiased insight that it believes is timely, thought-provoking and comprehensive, and that is known for its high quality, independence and objectivity.
- Leading brand name — The Company has provided critical, trusted insight under the Gartner name for over 40 years.
- Global footprint and established customer base — The Company and its subsidiaries have a global presence with clients in more than 100 countries on six continents.
- Experienced management team — The directors and management team of the Company and its subsidiaries are composed of research veterans and experienced industry executives.
- Substantial operating leverage in the Company's business model — The Company has the ability to distribute its intellectual property and expertise across multiple platforms, including research publications, consulting engagements, conferences and executive programs, to derive incremental revenue and profitability.
- Vast network of analysts and consultants — As of 31 December 2018, the Company had access to over 2,114 research analysts and expert advisors and 718 experienced consultants located around the world. The analysts and advisors collectively speak 59 languages and are located in 26 countries, enabling the Company to cover vast aspects of business and technology on a global basis.

### Strategy

The fundamentals of the Company's strategy include a focus on creating extraordinary research content, delivering innovative and highly differentiated product offerings, building a strong sales capability, providing world class client service with a focus on client engagement and retention, and continuously improving operational effectiveness.

### Key Performance Indicators

The following business measurements are important performance indicators for the Company's business segments:

- Research
  - Client retention rate - represents a measure of client satisfaction and renewed business relationships at a specific point in time. Client retention is calculated on a percentage basis by dividing current clients, who were also clients a year ago, by all clients from a year ago. The client retention rate for Gartner's worldwide research organisation has remained strong at 83% in both 2018 and 2017, respectively.
- Consulting
  - Utilisation rate - represents a measure of productivity of its consultants. Utilisation rates are calculated for billable headcount on a percentage basis by dividing total hours billed by total hours available to bill. Gartner's worldwide consulting organisation had a utilisation rate of 63% and 64% in 2018 and 2017, respectively.
- Conferences
  - Number of destination conferences - represents the total number of hosted destination conferences completed during the period. The Company held 14 events in both 2018 and 2017.
  - Number of destination conferences attendees - represents the number of people who attend conferences. In 2018, the Company had 10,755 attendees, which represents a 20% increase on the attendees figure for 2017 of 8,982.

## Strategic report *(continued)*

### Factors That May Affect Future Performance

The Company operates in a highly competitive and rapidly changing environment that involves numerous risks and uncertainties, some of which are beyond the Company's control. In addition, the Company and its clients are affected by global economic conditions and trends. The following discusses many, but not all, of the risks and uncertainties that may affect the Company's future performance, and is not intended to be all-inclusive. Any of the risks described below could have a material adverse impact on the Company's business, prospects, results of operations, financial condition, and cash flows.

- The Company's operating results could be negatively impacted by global economic conditions.
- The Company faces significant competition and its failure to compete successfully could materially adversely affect its results of operations, financial condition and cash flow.
- The Company and Gartner USA may not be able to maintain the quality of our existing products and services.
- The Company and Gartner USA may not be able to enhance and develop the existing products and services, or introduce the new products and services that are needed to remain competitive.
- Technology is rapidly evolving, and if the Company does not continue to develop new product and service offerings in response to these changes, the Company's business could suffer.
- The Company's research business depends on renewals of subscription-based services and sales of new subscription-based services for a significant portion of its revenue, and failure to renew at historical rates or generate new sales of such services could lead to a decrease in its revenues.
- The Company's consulting business depends on non-recurring consulting engagements and failure to secure new engagements could lead to a decrease in its revenues.
- The profitability and success of the Company's conferences and other meetings could be adversely affected by external factors beyond its control.
- The Company may not be able to retain access to qualified personnel which could jeopardise the quality of its intellectual property and negatively impact its business.
- The Company's sales to governments are subject to appropriations and may be terminated.
- The Company may not be able to attract and retain access to qualified personnel which could jeopardise its future growth plans, as well as the quality of its products and services.
- The Company may not be able to maintain the equity in its brand name.
- International operations expose the Company to a variety of operational and other risks which could negatively impact its financial condition, results of operations, and cash flows.
- The Company is exposed to volatility in foreign currency exchange rates from its international operations.
- Natural disasters, terrorist acts, war and other geo-political events could disrupt the Company's operations.
- Privacy concerns could damage the Company's reputation and deter current and potential clients from using its products and services or attending its conferences.
- Internet and critical internal computer system failures, cyber-attacks, or compromises of the Company's systems or security could damage its reputation and harm its business.
- The Company may experience outages and disruptions of its online services if it fails to maintain an adequate operations infrastructure.
- If the Company is unable to enforce and protect its intellectual property rights, its competitive position may be harmed.
- The Company has grown, and may continue to grow, through acquisitions and strategic investments, which could involve substantial risks.

## Strategic report *(continued)*

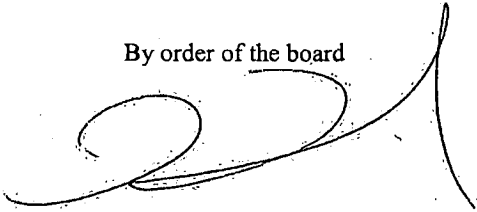
### Brexit

The Company's business is subject to risks from changes in the regulatory environment it operates in. Currently, a significant concern is the uncertainty relating to United Kingdom's (U.K.'s) withdrawal from the European Union, commonly referred to as "Brexit", including the possibility that such withdrawal will take place without a concluded agreement on the future relationship between U.K. and the European Union. Brexit could lead to legal uncertainty and potentially divergent national laws and regulations in the U.K. and the European Union. The Company, as well as our clients who have significant operations in the U.K., may incur additional costs and expenses as we adapt to potentially divergent regulatory frameworks from the rest of the European Union and as a result, our contractual commitments may be impacted, which could negatively affect our operations. With a range of outcomes still possible, the impact from Brexit remains uncertain and will depend, in part, on the final outcome of tariff, trade, regulatory and other negotiations. The Company will continue to monitor the development of Brexit, assess the potential impacts and take proper measures to maximize opportunities available and to minimize any potential exposures.

### Properties

- The Company has consolidated most of its operations into a new 107,540 square foot building that opened in September 2017. The Egham lease has a term of 15 years. We also continue to maintain some operations in an adjacent legacy building.
- Additionally, the Company acquired two London locations in October 2018, which have been consolidated into a new 53,597 square foot premises, contracted in December 2018 and to be opened in June 2019. The London lease has a term of 10 years.

By order of the board



**K Holland**  
Director

30 September 2019

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2018.

### Dividends

The Company did not pay a dividend during the year (2017: £Nil).

### Directors

The directors who held office during the year, and up to the date of this report, unless otherwise noted, were as follows:

C Safian

S Prior (*resigned 31 March 2018*)

W Dorgan (*appointed 16 March 2018; resigned 4 March 2019*)

P Busby (*appointed 5 October 2018*)

M Lithgow (*appointed 5 October 2018*)

K Holland (*appointed 4 March 2019*)

### Employment policies

The Company continues to give particular attention to the employment of disabled people. Applicants who are disabled and those who become disabled during employment are offered the widest range of training and opportunity appropriate to their skills.

The Company considers the establishment of the right priorities and environment for people is essential for their performance and development and to the future of the Company.

Employees are kept informed of the group's financial performance and a share option scheme is operated to give employees a chance to participate in the group's success.

### Post balance sheet events

On 11 July 2019, CEB Global Limited, the Company's subsidiary undertaking, made a final dividend distribution of £751,455,000 to the Company, which set off against the existing intercompany receivable from the Company. Immediately after, CEB Global Limited applied for strike off from the Companies House.

### Political contributions

The Company made no political contributions during the year.

### Disclosure of information to auditor

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

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

  
K. Holland

Director

Gartner UK Limited (registered number 02266016)

Tamesis, The Glanty, Egham, Surrey, TW20 9AH

30 September 2019

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARTNER U.K. LIMITED**

### **Opinion**

We have audited the financial statements of Gartner U.K. Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and Loss Account, Statement of Other Comprehensive Income, Balance Sheet, and Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Brexit other matter paragraph**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of certain assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARTNER U.K. LIMITED** *(continued)*

### **Directors' report**

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

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

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

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARTNER U.K. LIMITED** *(continued)*

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

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

*Gemma Hancock*

**Gemma Hancock (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

30 September 2019

## Profit and Loss Account

for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	2	261,124	200,379
Administrative expenses, including £2,956,000 (2017: £6,081,000) acquisition & integration costs	3	(275,639)	(220,441)
Other operating income		23,621	23,844
<b>Operating profit</b>		<b>9,106</b>	<b>3,782</b>
Interest receivable and similar income	7	244	9
Interest payable and similar charges	8	(1,060)	(792)
Dividend income	10	11,874	-
Gain on divested operations	11	116	-
Impairment losses on investments	14	(919)	-
Impairment losses on goodwill	12	(12,446)	-
<b>Profit on ordinary activities before taxation</b>		<b>6,915</b>	<b>2,999</b>
Tax on profit on ordinary activities	9	(1,945)	(999)
<b>Profit for the financial year</b>		<b>4,970</b>	<b>2,000</b>

The notes on pages 14 to 31 form part of these accounts.

## Statement of Other Comprehensive Income

for the year ended 31 December 2018

	2018 £000	2017 £000
<b>Profit for the year</b>	<b>4,970</b>	<b>2,000</b>
<b>Other comprehensive loss</b>		
<i>Items that may or may not be reclassified to profit or loss:</i>		
Effects of currency translation on investments	(90)	(28)
<b>Other comprehensive loss for the year, net of income tax</b>	<b>(90)</b>	<b>(28)</b>
<b>Total comprehensive income for the year</b>	<b>4,880</b>	<b>1,972</b>

The notes on pages 14 to 31 form part of these accounts.

## Balance Sheet

at 31 December 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
<b>Fixed assets</b>					
Intangibles assets	12		560		3,653
Tangible assets	13		24,329		25,338
Investments	14		761,126		36,815
			<u>786,015</u>		<u>65,806</u>
<b>Current assets</b>					
Debtors	15	195,101		55,384	
Cash at bank and in hand		566			
		<u>195,667</u>		<u>55,384</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(925,534)</u>		<u>(101,378)</u>	
<b>Net current liabilities</b>			<u>(729,867)</u>		<u>(45,994)</u>
<b>Total assets less current liabilities</b>			<u>56,148</u>		<u>19,812</u>
<b>Creditors: amounts falling due after one year</b>	17		<u>(12,275)</u>		<u>(8,156)</u>
<b>Net assets</b>			<u>43,873</u>		<u>11,656</u>
<b>Capital and reserves</b>					
Called up share capital	19		11,187		3,300
Share premium			743,226		
Merger reserve	19		(723,103)		
Share reserve			1,572		1,614
Profit and loss account			10,991		6,742
<b>Shareholders' funds</b>			<u>43,873</u>		<u>11,656</u>

The notes on pages 14 to 31 form part of these accounts.

These financial statements were approved by the board of directors on 30 September 2019 and were signed on its behalf by:

  
**K. Holland**  
Director

Company registered number 02266016

**Statement of Changes in Equity**  
*for the year ended 31 December 2018*

	Called up Note share capital	Share Premium	Merger Reserve	Profit and loss account	Share reserve	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1 January 2017	3,300	-	-	5,525	1,615	10,440
Retained profit for the financial year	-	-	-	2,000	-	2,000
Foreign currency translation	-	-	-	(28)	-	(28)
Share based payment charge	-	-	-	-	(1)	(1)
Repayment of Parent's contribution for share based payment	-	-	-	(755)	-	(755)
<b>Balance at 31 December 2017</b>	<b>3,300</b>	<b>-</b>	<b>-</b>	<b>6,742</b>	<b>1,614</b>	<b>11,656</b>
Share issuance	19 7,887	743,226	-	-	-	751,113
Equity adjustments for business combinations under common control	19	-	(723,103)	-	-	(723,103)
Retained profit for the financial year	-	-	-	4,970	-	4,970
Foreign currency translation	-	-	-	(90)	-	(90)
Share based payment charge	-	-	-	-	(42)	(42)
Repayment of Parent's contribution for share based payment	-	-	-	(631)	-	(631)
<b>Balance at 31 December 2018</b>	<b>11,187</b>	<b>743,226</b>	<b>(723,103)</b>	<b>10,991</b>	<b>1,572</b>	<b>43,873</b>

The notes on pages 14 to 31 form part of these accounts.

## Notes

(forming part of the financial statements)

### 1 Accounting policies

Gartner U.K. Limited (the "Company") is a private company incorporated, domiciled & registered in the UK. The registered number is 02266016 and the registered address is Tamesis, The Glanty, Egham, Surrey TW20 9AH.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 applicable and effective for financial years presented, have also been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets and intangible assets;
- certain disclosures under IFRS 15 Revenue from Contracts with Customers;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of key management personnel.

The Company's ultimate parent undertaking, Gartner, Inc., includes the Company in its consolidated financial statements. The consolidated financial statements of Gartner, Inc. are prepared in accordance with generally accepted accounting principles in the United States of America and are available to the public and may be obtained from 56 Top Gallant Road, PO Box 10212, Stamford, CT 06904-2212 USA. As the consolidated financial statements of Gartner, Inc. include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following disclosure:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*;
- IFRS 2 *Share Based Payments* in respect of group settled share based payments; and
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill.



## Notes (continued)

### 1 Accounting policies (continued)

The Company has initially applied IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* from 1 January 2018. Due to the transition method chosen by the Company in applying IFRS 9 and 15, comparative information throughout these financial statements has not been restated to reflect the new standards' requirement. Changes to significant accounting policies in applying the standards are described below. The adoption of IFRS 9 and 15 did not result in a cumulative effect adjustment to the Company's financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements in accordance with FRS 101.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less cost to sell.

#### 1.2 Going concern

Notwithstanding net current liabilities of £729,867,000 as at 31 December 2018 the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

A significant portion of the net current liabilities at 31 December 2018 related to amounts owed to various group companies. Of the £762,251,000 total amounts owed to group companies at 31 December 2018, £751,455,000 was repaid upon the receipt of a dividend from its subsidiary undertaking, CEB Global Limited on 11 July 2019 (see Note 23).

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds through, in downside cases, funding from its ultimate parent, Gartner, Inc., to meet its liabilities as they fall due for that period. Those forecasts are dependent on Gartner, Inc. providing additional financial support during that period. Gartner, Inc. has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### 1.3 Foreign currency

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

The assets and liabilities of the Company's euro denominated branch are translated at the foreign exchange rate ruling at the balance sheet date. Profit and loss accounts of the branch operation are translated at the average rates of exchange for the period. Gains and losses arising on these translations are included in other comprehensive income.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other debtors, cash and cash equivalents, and trade and other creditors. Subsequent to initial recognition, all assets are measured at amortised cost within the scope of IFRS 9.

##### *Trade and other debtors*

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

##### *Trade and other creditors*

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

##### *Investments in equity securities*

Investments in subsidiaries are carried at cost less impairment.

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Short leasehold improvements	-	shorter of the lease term or the useful economic life of the assets
Computers and office equipment	-	3 years
Telephone equipment	-	5 years
Furniture & Fixtures	-	8 years

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

#### 1.6 Intangible assets and goodwill

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation. Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful lives of the Company's intangible assets are between 3 and 5 years.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The Directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 Impairment

IFRS 9 *Financial Instruments* replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. As explained, IFRS 9 was adopted without restating comparative information, and it did not result in a cumulative effect adjustment to the Company's financial statements. The key changes to the Company's accounting policies resulting from its adoption of IFRS 9 *Financial Instruments* relate to impairment on financial assets as described below.

*Financial assets (including trade and other debtors)*

##### Accounting policy before January 1, 2018

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### Accounting policy after January 1, 2018

IFRS 9 replaced the "incurred loss" model in IAS 39 with an "expected credit loss (ECL)" model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether it is impaired using the ECL model. Loss allowances are measured as 12-month ECL if the credit risk on the financial asset has not increased significantly since the initial recognition. If the credit risk has increased significantly, lifetime ECL are recognized.

ECL are a probability-weighted estimate of credit losses over the expected life of the financial instrument. For a financial asset that is not credit-impaired at the reporting date, loss allowances are calculated as the present value of all cash shortfalls (i.e. the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that are expected to be received), discounted at the original effective interest rate. For a financial asset that is credit-impaired at the reporting date but that is not a purchased or originated credit-impaired financial asset, loss allowances are calculated as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of loss allowances to decrease, the decrease in loss allowances is reversed through profit and loss.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 Impairment (continued)

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.8 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Share-based payment transactions*

Restricted Stock Units ("RSUs") represent the right to receive shares of stock at a future date, subject to certain service and, in some cases, performance conditions. RSU recipients do not have any of the rights of a Gartner stockholder, including voting rights and the right to receive dividends and distributions, until after actual shares of common stock are issued in respect of the award, which is subject to the prior satisfaction of the vesting and other criteria related to such grants.

In accordance with IFRS 2, the fair value of RSU awards is determined on the date of grant based on the market price of Gartner USA's common stock and is amortised to compensation expense over the related vesting periods. The Company took advantage of the option available in IFRS 1 to apply IFRS 2 only to equity instruments that were granted after 7 November 2002 that were unvested at 1 January 2006.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9 Provisions

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

#### 1.10 Turnover

The Company recognises revenue when performance obligations have been satisfied. Continuous service revenues are recognised ratably over the applicable contract term (i.e. as the Company provides services over the contract period), generally a twelve-month period. The Company's policy is to record, at the time of signing of a continuous service contract, the fees receivable and related deferred revenues for the full amount of the contract billable on that date. Cancellations have not been significant. All contracts are billable at signing, except in certain limited cases when special terms are granted.

Other revenues principally comprise revenues recognised as earned from consulting engagements, publications and other non-continuous services. Revenues from consulting engagements are recognised as work is delivered or services provided and are evaluated on a contract by contract basis, and publication and other non-continuous service revenues are recognised on the date of publication or completion of service.

#### 1.11 Expenses

##### *Operating lease payments*

Payments (including costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

##### *Commission expense*

The Company records the related commission obligation upon signing of the contract and amortises the corresponding deferred commission expense over the contract period in which the related continuous services revenues are earned and recognised as income.

#### 1.12 Taxation

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

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

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

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

## Notes (continued)

### 2 Turnover

Turnover represents the amounts (excluding Value Added Tax and other sales taxes) derived from the provision of goods and services to customers and other group companies.

The Company is exempt from the scope of IFRS 8 and accordingly has not disclosed any segmental information regarding turnover.

The Company has initially applied IFRS 15 *Revenue from Contracts with Customers* from 1 January 2018 using cumulative effect method. Under this method of adoption, the cumulative effect of applying the new standard is recorded at the date of the initial application, with no restatement of comparative prior periods presented. The adoption of IFRS 15 did not result in a cumulative effect adjustment to the Company's financial statements. However, the adoption of the new standard required reclassifications of certain amounts presented in the Company's balance sheet and improved disclosures notwithstanding the exemptions available under FRS 101.

#### Required disclosures under IFRS 15

##### (i) Customer contract assets and liabilities

The Company has recognised the following assets and liabilities related to contracts with customers:

	31 December 2018 £000	1 January 2018 <sup>(1)</sup> £000	31 December 2017 <sup>(1)</sup> £000
Assets:			
Trade debtors and accrued income, gross	79,563	37,091	38,063
Contract Asset (1)	1,750	972	-
Loss allowance	(593)	(185)	(185)
	<u>80,720</u>	<u>37,878</u>	<u>37,878</u>
Contract Liabilities:			
Deferred revenues (current liability)	113,459	60,956	60,956
Non-current deferred revenue	1,754	464	464
	<u>115,213</u>	<u>61,420</u>	<u>61,420</u>

- (1) Contract assets represent recognised revenue for which we do not have an unconditional right to payment as of balance sheet date because the project may be subject to a progress billing milestone or some other billing restriction. As a result of IFRS 15 adoption, £972,000 was reclassified from accrued income to contract asset on 1 January 2018.

During the year ended 31 December 2018, the Company recognised £47,331,000 of revenue that was attributable to deferred revenue that was recorded at 31 December 2017. During 2018, the Company recorded a total of £593,000 loss allowance for contract assets as a result of IFRS 9 adoption (see Note 1.7 for impairment accounting policy).

## Notes (continued)

### 2 Turnover (continued)

#### (ii) Assets recognised from the costs to obtain or fulfil contracts with customers

Upon the signing of a customer contract, the Company capitalises the related commission as a recoverable direct incremental cost of obtaining the underlying contract and records a corresponding commission payable. No other amounts are capitalised as a cost of obtaining or fulfilling a customer contract because no expenditures have been identified that meet the requisite capitalisation criteria. For research, consulting and other, the straight-line method is used for amortising deferred commissions over a period that is based on the projected recoverability for such costs, using factors such as the underlying contract period, the timing of when the corresponding revenues will be earned and the anticipated term of the engagement.

At 31 December 2018, the balance of prepaid commissions was £16,212,000 in connection with costs to obtain or fulfil contracts with customers. During the year ended 31 December 2018, the Company recognised £20,923,000 amortisation expense on commissions and £nil impairment.

### 3 Expenses and auditor's remuneration

	2018 £000	2017 £000
<i>Included in profit/loss are the following:</i>		
Depreciation of tangible fixed assets	5,298	3,098
Amortisation of intangible fixed assets	159	-
Operating lease rentals – Plant & machinery	43	43
– Other	6,068	3,560
Exchange loss	51	214
Auditor's remuneration – audit of these financial statements	53	48
Tax compliance fees	38	8
Acquisition & integration costs	2,956	6,081
	<hr/>	<hr/>

The acquisition & integration costs are one-off in nature and relate to integration and business combinations in Note 10 and Note 14.

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2018	2017
Research & Operations	758	651
Sales & Marketing	475	408
Administration & Support	161	139
	<hr/>	<hr/>
	1,394	1,198
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	131,381	105,759
Social security costs	18,248	14,881
Contributions to defined contribution plans	7,146	6,413
	<hr/>	<hr/>
	156,775	127,053
	<hr/>	<hr/>

**Notes (continued)**

**5 Directors' remuneration**

	2018 £000	2017 £000
Directors' remuneration	368	184
Company contributions to money purchase pension plans	10	13
	<u>378</u>	<u>197</u>

The remuneration of the highest paid director was £291,000 (2017: £184,000), and company pension contributions of £3,000 (2017: £13,000) were made to money purchase scheme on this director's behalf.

	Number of directors	
	2018	2017
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>3</u>	<u>1</u>

**6 Employee benefits**

*Defined contribution plans*

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £7,145,879 (2017: £6,413,468)

*Share based payments*

The disclosures below provide information regarding the Company's share-based compensation awards, all of which are classified as equity awards in accordance with IFRS 2. All awards are made by Gartner USA under its 2014 Long Term Incentive Plan (the "Plan") and relate to shares of Gartner USA common stock. The Plan allows for equity awards to be made to employees and directors of Gartner USA, as well as employees and directors of its subsidiaries (including the Company), in the form of stock appreciation rights and restricted stock units, among others.

Restricted Stock Units ("RSUs") represent the right to receive shares of stock at a future date, subject to certain service and, in some cases, performance conditions. RSUs recipients do not have any of the rights of a Gartner stockholder, including voting rights and the right to receive dividends and distributions, until after actual shares of common stock are issued in respect of the award, which is subject to the prior satisfaction of the vesting and other criteria relating to such grants.

In accordance with IFRS 2, the fair value of RSU awards is determined on the date of grant based on the market price of Gartner USA's common stock and is amortised to compensation expense over the related vesting periods, which is generally four years for service-based awards. The Company recorded compensation expense for RSU awards of £1,757,000 for the year ended 31 December 2018 (2017: £1,410,000).



**Notes (continued)**

**6 Employee benefits (continued)**

*Share based payments (continued)*

A summary of the changes in RSUs outstanding for the current and prior years is as follows:

	Number of RSUs in thousands	Weighted average exercise price	Number of RSUs in thousands	Weighted average exercise price
	2018	2018	2017	2017
Unvested at the beginning of the year	54	£nil	58	£nil
Granted	28	£nil	21	£nil
Transferred in	12	£nil	-	£nil
Forfeited or expired	(5)	£nil	(1)	£nil
Released	(24)	£nil	(24)	£nil
	<u>65</u>	<u>£nil</u>	<u>54</u>	<u>£nil</u>
Unvested at the end of the year	65	£nil	54	£nil

**7 Other interest receivable and similar income**

	2018 £000	2017 £000
Group loan interest receivable	244	9
	<u>244</u>	<u>9</u>

**8 Interest payable and similar charges**

	2018 £000	2017 £000
Group loan interest payable	585	358
Discounted provisions, unwinding of discount	202	70
Bank charges	222	150
Net foreign exchange loss	51	214
	<u>1,060</u>	<u>792</u>

**Notes (continued)**

**9 Taxation**

**Recognised in profit and loss account**

	2018 £000	2018 £000	2017 £000	2017 £000
<b>UK corporation tax</b>				
Current tax on income for the year	2,682		994	
Adjustments in respect of prior years	127		(17)	
		2,809		977
<b>Foreign tax</b>				
Current tax on income for the year	-		1	
				1
Total current tax		2,809		978
<b>Deferred tax (see Note 18)</b>				
Origination and reversal of temporary differences	(709)		33	
Adjustment in respect of prior years	(155)		(12)	
Total deferred tax		(864)		21
Tax on profit on ordinary activities		1,945		999

**Reconciliation of effective tax rate**

	2018 £000	2017 £000
Profit for the year	4,970	2,000
Total tax expense	1,945	999
Profit excluding taxation	6,915	2,999
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	1,314	577
Effects of:		
Non-deductible expenses	3,118	826
Share based payments	(339)	(339)
Short term timing differences	25	1
Capital allowances for the period in excess / (deficit) of depreciation	23	(37)
Non-taxable income	(2,256)	-
Foreign tax suffered	-	1
Underage related to business combinations	87	-
Over provided in prior years	(27)	(22)
Tax reserve	-	(8)
	1,945	999

Reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was enacted 18 November 2015. A further reduction to the UK corporation tax rate to 17% (effective 1 April 2020) was enacted on 15 September 2016. Current tax rate for 2018 is 19% and the deferred rate for 2018 is 17%.

**Notes (continued)**

**10 Dividend income**

	2018	2017
	£000	£000
Dividend income from shares in other group companies (see Note 14)	11,874	-
	<u>11,874</u>	<u>-</u>

**11 Gain on divested operations**

	2018	2017
	£000	£000
Gain on divested operations	116	-
	<u>116</u>	<u>-</u>

During 2018, the Company completed the divestiture of two non-core businesses comprising CEB Challenger training business and Metrics That Matter, both of which were acquired in the CEB acquisition in April 2017 by the Company's ultimate parent company, Gartner, Inc., and subsequently integrated into the Company's businesses. The sales resulted in £116,000 net gain in total.

**12 Intangible assets**

	Database £000	Developed Technology £000	Goodwill £000	Total £000
<b>Cost</b>				
Balance at 1 January 2018	-	-	10,179	10,179
Additions	82	637	8,793	9,512
Balance at 31 December 2018	<u>82</u>	<u>637</u>	<u>18,972</u>	<u>19,691</u>
<b>Amortisation</b>				
Balance at 1 January 2018	-	-	6,526	6,526
Provided during the year	82	77	-	159
Impairment during the year	-	-	12,446	12,446
Balance at 31 December 2018	<u>82</u>	<u>77</u>	<u>18,972</u>	<u>19,131</u>
<b>Net Book Value</b>				
At 31 December 2018	<u>-</u>	<u>560</u>	<u>-</u>	<u>560</u>
At 1 January 2018	<u>-</u>	<u>-</u>	<u>3,653</u>	<u>3,653</u>

## Notes (continued)

### 12 Intangible assets (continued)

On 30 September 2018, the Company acquired database, developed technology and goodwill from CEB Global Limited, its immediate subsidiary undertaking at the time, as part of the Asset Purchase Agreement (see Note 14). Because this transaction constitutes a business combination under common control, the Company has elected to record the acquired intangible assets at book value. However, since the cash-generating units from which the original goodwill arose had been fully integrated into CEB Global Limited business and now into the Company's business, and are no longer easily identifiable, the management cannot reasonably determine the recoverable amounts and thus deemed it reasonable to write off the carrying amount of the goodwill totalling £8,793,000.

Additionally, in connection with the goodwill from acquisitions in prior years totalling £3,653,000, the cash-generating units have been fully integrated into the Company's business, and are no longer easily identifiable, the management cannot reasonably determine the recoverable amounts and thus deemed it reasonable to write off the carrying amount of the goodwill.

### 13 Tangible fixed assets

	Short leasehold improvements	Computers and office equipment	Fixtures, fittings and telephone equipment	Total
	£000	£000	£000	£000
<b>Cost</b>				
Balance at 1 January 2018	23,220	7,045	6,898	37,163
Additions	1,373	2,430	697	4,500
Disposals	-	(1,473)	(60)	(1,533)
Balance at 31 December 2018	24,593	8,002	7,535	40,130
<b>Depreciation</b>				
Balance at 1 January 2018	6,294	4,138	1,393	11,825
Charge for the year	2,245	1,936	1,117	5,298
Disposals	-	(1,247)	(75)	(1,322)
Balance at 31 December 2018	8,539	4,827	2,435	15,801
<b>Net book value</b>				
At 31 December 2018	16,054	3,175	5,100	24,329
At 1 January 2018	16,926	2,907	5,505	25,338

**Notes (continued)**

**14 Fixed asset investments**

	Shares in group undertakings
	£000
<b>Cost</b>	
At 1 January 2018	36,815
Additions:	
- Machina Research (Hong Kong) Ltd	1
- CEB Global Limited	751,113
Disposals in connection with business combinations under common control:	
- Newco 5CL Limited	(23,103)
- Machina Research Ltd	(3,700)
	<hr/>
At 31 December 2018	761,126
	<hr/>
<b>Provisions</b>	
At 1 January and 31 December 2018	
	<hr/>
<b>Net book value</b>	
At 31 December 2018	761,126
	<hr/>
At 31 December 2017	36,815
	<hr/>

As part of Gartner, Inc., the group's legal entity alignment initiative, the Company undertook a series of integration and restructure events during 2018.

On 21 March 2018, Machina Research Ltd, the Company's immediate subsidiary undertaking, assigned substantially all of its remaining assets and liabilities to the Company as a dividend in specie totalling £2,781,000, which comprised its investment in Machina Research (Hong Kong) Ltd and group company receivables and payables. On 24 July 2018, Machina Research Ltd was legally dissolved. As the cost of Company's shares in Machina Research Ltd exceeded the final dividend received, it resulted in an impairment loss of £919,000.

On 27 June 2018, Rapture World Limited, the Company's indirect subsidiary undertaking, sold its business to the Company for £35,675,000 and settled with an intercompany receivable. Because this transaction constitutes a business combination under common control, the Company has elected to record the acquired assets and liabilities at book value. Since the purchase price exceeded the net book value of the assets and liabilities acquired, it resulted in a merger reserve of £5,140,000, which is reflected as an equity adjustment (see Note 19).

In September 2018, Rapture World Limited distributed the £35,675,000 of the intercompany receivable from the Company to its direct parent company, Newco 5CL Limited, as a dividend in specie. Newco 5CL Limited in turn distributed £34,977,000 dividend in specie to the Company, which set off against the existing intercompany receivable from the Company. Immediately following the dividend distribution, Rapture World, Newco 5CL Limited, SCM World Limited (dormant) applied for strike off from the Companies House. All three entities were legally dissolved in January 2019. As the final dividend received exceeded the cost of the Company's investment in Newco 5CL Limited, it resulted in an ultimate dividend income of £11,874,000 from investments (see Note 10).

On 14 September 2018, Gartner Europe Holdings B.V. contributed 100% of its investment in CEB Global Limited to the Company for consideration of \$980m, equivalent of £751,113,000, and settled with 7,887,422 ordinary shares of the Company with a par value of £1 (see Note 19).

## Notes (continued)

### 14 Fixed asset investments (continued)

On 30 September 2018, CEB Global Limited sold its business to the Company for \$980m, equivalent of £751,455,000, and settled with an intercompany receivable from the Company. The acquired assets and liabilities have been recorded at book value for this common control business combination. Because the purchase price exceeded the net book value of the assets and liabilities acquired, it resulted in a merger reserve of £715,606,000, which is reflected as an equity adjustment (see Note 19).

The companies in which the Company had an interest at the period end are as follows:

	Country of incorporation	Registered office address	Principal activity	Percentage of shares held	Classes of shares
<i>Subsidiary undertakings</i>					
Computer Financial Consultants Limited	England	Tamesis, The Glanty, Egham, TW20 9AH	Technical and financial consultancy in relation to IT equipment and related services	100%	Ordinary
Newco 5CL Limited	England	2 London Bridge, London, SE1 9RA	IT Research & Consulting	100% (in dissolution process)	Ordinary
Machina Research Ltd	England	2 London Bridge, London, SE1 9RA	IT Research & Consulting	100% (in dissolution process)	Ordinary
Rapture World Ltd	England	2 London Bridge, London, SE1 9RA	IT Research & Consulting	100%* (in dissolution process)	Ordinary
SCM World Limited	England	2 London Bridge, London, SE1 9RA	Dormant – Non-trading	100%* (in dissolution process)	Ordinary
Machina Research (Hong Kong) Ltd	Hong Kong	Suite A, 11/F, Ho Lee Commercial Building 38-44 D'Aguilar Street, Central	IT Research & Consulting	100%	Ordinary
CEB Global Limited	England	Tamesis, The Glanty, Egham, TW20 9AH	Research & Advisory	100%	Ordinary
* of which 100% held by Newco 5CL Ltd					

### 15 Debtors

	2018 £000	2017 £000
Trade debtors	59,120	17,911
Amounts owed by group undertakings	82,177	112
Other debtors	4,025	19,557
Deferred tax asset (see Note 18)	2,113	1,108
Prepayments and accrued income	47,666	16,696
	<b>195,101</b>	<b>55,384</b>
Due within one year	193,315	54,485
Due after more than one year	1,786	899

**Notes (continued)**

**16 Creditors: amounts falling due within one year**

	2018 £000	2017 £000
Trade creditors	5,573	1,319
Amounts owed to group undertakings	762,251	7,853
Other creditors	9,906	7,117
Taxation and social security	9,178	6,300
Corporation tax	1,901	57
Accruals and deferred income	136,725	78,732
	<u>925,534</u>	<u>101,378</u>

**17 Creditors: amounts falling after more than one year**

	2018 £000	2017 £000
Accruals and deferred income	12,275	8,156
	<u>12,275</u>	<u>8,156</u>

**18 Deferred tax assets and liabilities**

*Recognised deferred tax assets and liabilities*

Deferred tax assets are attributable to the following:

	2018 £000	2017 £000
Tangible fixed assets	578	60
Share based payments	1,108	838
Provisions	427	210
	<u>2,113</u>	<u>1,108</u>

*Movement in deferred tax during the year*

	1 January 2018 £000	Adjustments in respect of prior years	Additions from business assets transfer	Recognised in income £000	Recognised in equity £000	31 December 2018 £000
Tangible fixed assets	60	154	169	195	-	578
Share based payments	838	-	433	298	(461)	1,108
Provisions	210	1	-	216	-	427
	<u>1,108</u>	<u>155</u>	<u>602</u>	<u>709</u>	<u>(461)</u>	<u>2,113</u>

## Notes (continued)

### 18 Deferred tax assets and liabilities (continued)

#### Movement in deferred tax during the prior year

	1 January 2017	Recognised in income	Recognised in equity	31 December 2017
	£000	£000	£000	£000
Tangible fixed assets	315	(255)	-	60
Share based payments	818	252	(232)	838
Provisions	228	(18)	-	210
	<u>1,361</u>	<u>(21)</u>	<u>(232)</u>	<u>1,108</u>

### 19 Capital and reserves

#### Share capital

	2018 £000	2017 £000
<i>Allotted, called up and fully paid</i>		
11,187,425.00 (2017: 3,300,003) Ordinary shares of £1 each	<u>11,187</u>	<u>3,300</u>

On 14 September 2018, Gartner Europe Holdings B.V., the Company's immediate parent company, contributed 100% of its investment in CEB Global Limited to the Company for consideration of \$980m and settled with 7,887,422 ordinary shares of the Company with a par value of £1 (see Note 14).

#### Merger reserve

On 27 June 2018, L2 UK Limited, a group company, sold its business to the Company for £2,704,000 and settled with an intercompany receivable from the Company. The acquired assets and liabilities have been recorded at book value for this common control business combination. Because the purchase price exceeded the net book value of the assets and liabilities acquired, it resulted in a merger reserve of £2,357,000, which is reflected as an equity adjustment.

Additionally, in connection with the acquisitions of Rapture World Limited on 27 June 2018 and CEB Global on 30 September 2018, the excess of purchase price over the net book value of the assets and liabilities acquired resulted in a merger reserve of £5,140,000 and £715,606,000, respectively (see Note 14).

### 20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018		2017	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Less than one year	6,074	74	5,520	42
Between one and five years	23,340	61	15,080	72
More than five years	49,315	24	32,408	-
	<u>78,729</u>	<u>159</u>	<u>53,008</u>	<u>114</u>



## Notes (continued)

### 21 Ultimate parent company and parent company of a larger group

The Company's immediate parent undertaking and controlling party is Gartner Europe Holdings B.V.

The Company's ultimate parent undertaking is Gartner USA. The largest and smallest group in which the results of the Company and its subsidiary undertakings are consolidated is that headed by Gartner USA. The consolidated financial statements of Gartner USA are available to the public on [www.investor.gartner.com](http://www.investor.gartner.com) and also on [www.sec.gov](http://www.sec.gov), and may be obtained by making written request to Investor Relations Department, Gartner, Inc., 56 Top Gallant Road, Stamford, CT 06904, U.S.A.

### 22 Accounting estimates and judgements

The preparation of financial statements requires the use of estimates and judgements about future events. Management develops estimates using both current and historical experience, as well as other factors, including the general economic environment and actions that may be taken in the future. Management adjusts such estimates when the facts and circumstances dictate. However, Management's estimate may involve significant uncertainties and judgements and cannot be determined with precision. In addition, these estimates are based on best judgement at a point in time and as such these estimates could be material and would be reflected in the Company's financial statements in future periods. Management's selection of the accounting policies which contain critical estimates and judgements is listed below:

- Tangible fixed assets – Impairment: Note 1 (1.5) – If there is an indication of impairment of these assets, an assessment will be undertaken to determine an estimate of the recoverable value of the asset;
- Intangible assets and goodwill – Impairment: Note 1 (1.6) – If there is an indication of impairment of these assets, an assessment will be undertaken to determine an estimate of the recoverable value of the asset;
- Impairment on trade debtors or contract assets: Note (1.7) – The Company makes an estimate of the recoverable value of trade and other debtors. The Company applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors and contract assets.
- Share-based payment transactions: Note 1 (1.8) – Determining the appropriate amount of associated periodic expense requires management to estimate the rate of employee forfeitures and if factors change, the Company may deem it necessary to modify the assumptions and adjust the amount of expense accordingly;
- Provisions: Note 1 (1.9) – Estimates of costs to be incurred to complete these actions, such as future lease payments and sublease income, are based on assumptions at the time the actions are initiated. The accrual may need to be adjusted to the extent actual costs differ from such estimates.
- Revenue recognition: Note (1.10) – A judgement is made to recognise revenue evenly over the contract period, with reference to the milestones achieved in the terms of the contract.

### 23 Subsequent events

On 11 July 2019, CEB Global Limited, the Company's subsidiary undertaking, made a final dividend distribution of £751,455,000 to the Company, which set off against the existing intercompany receivable from the Company. Immediately after, CEB Global Limited applied for strike off from the Companies House.