

Gartner U.K. Limited

Annual report and financial statements

For the year ended 31 December 2021

Registered number 02266016



Gartner U.K. Limited
Directors' report and financial statements
For the year ended 31 December 2021

Directors' report and financial statements

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Strategic report

The directors present their strategic report for the year ended 31 December 2021.

Principal activity

Gartner U.K. Limited (the "Company") is a UK subsidiary of Gartner, Inc. Together with Gartner, Inc. and other group companies, the Company delivers actionable, objective insight to executives and their teams. Our expert guidance and tools enable faster, smarter decisions and stronger performance on an organisation's mission critical priorities.

Financial performance review

For the year ended 31 December 2021, the business made an operating profit of £14,942,000 (2020: £8,887,000) on sales of £288,679,000 (2020: £283,950,000). Headcount at the year-end was 1,619 (2020: 1,566) with access to a far greater pool of associates, contractors and resources from other group companies. The improved operating results were primarily driven by increased sales.

The profit after taxation for the year ended 31 December 2021 was £14,934,000 (2020: £9,620,000).

The Company continues to execute a strategy to grow its business and improve operating margins.

Business review

Overview

Gartner, Inc., a corporation organised under the laws of the State of Delaware, USA and headquartered in Stamford, Connecticut, USA ("Gartner USA"), and its direct and indirect subsidiaries together (collectively "Gartner" or "Gartner Group") are a trusted advisor and an objective resource for more than 15,000 enterprises in approximately 100 countries and territories – across all major functions, in every industry and enterprise size. The Company delivers business services and products in the following business segments:

- **Research** equips executives and their teams from every function and across all industries with actionable, objective insight, guidance and tools. The Company's experienced experts deliver all this value informed by a combination of practitioner-sourced and data-driven research to help clients address their mission critical priorities.
- **Conferences** provides executives and teams across an organisation the opportunity to learn, share and network. From the Company's Symposium/Xpo series, to industry-leading conferences focused on specific business roles and topics, to peer-driven sessions, the Company's offerings enable attendees to experience the best of Gartner insight and guidance.
- **Consulting** serves senior executives leading technology-driven strategic initiatives leveraging the power of Gartner's actionable, objective insight. Through custom analysis and on-the-ground support the Company enables optimised technology investments and stronger performance on clients' mission critical priorities.

For more information regarding Gartner and its products and services, visit 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 an enterprise. The Company's independent operating model and 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 more than 40 years.
- Global footprint and established customer base — Gartner has a global presence with clients in approximately 100 countries and territories on six continents.
- Insight that creates connections — Gartner's global community of experts, analysts and peers help provide the deep relationships that help clients stay head of the curve.
- Experienced management team — The directors and management team of the Company are comprised of research veterans and experienced industry executives with long tenure at Gartner.
- Substantial operating leverage in Gartner's business model — Gartner can distribute its intellectual property and expertise across multiple platforms, including research and advisory subscription and membership programs, conferences and consulting engagements, to derive incremental revenue and profitability.
- Vast network of analysts and consultants — As of 31 December 2021, Gartner collectively had approximately 2,200 research experts and 760 experienced consultants located around the world. Gartner's research experts are located in more than 30 countries and territories, 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 actionable, objective insight for executive leaders and their teams, 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

In monitoring performance, the directors and management have regard to a range of key performance indicators (KPI's) including the following:

KPI	Performance in 2021	Performance in 2020
Operating profit as a percentage of turnover	5.2%	3.1%
Cash at bank and in hand	£000 157	£000 142
Trade debtors	48,148	44,331
Deferred revenue	106,762	104,430

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.

- There is uncertainty with respect to the extent to which the Company and its subsidiary's operations, financial condition and cash flows may be negatively impacted by the COVID-19 pandemic.
- The Company and its subsidiary may not be able to maintain the quality of existing products and services.
- The Company and its subsidiary may not be able to enhance and develop 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 and its subsidiary do not continue to develop new products and service offerings in response to these changes, 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 will lead to a decrease in revenues.
- The profitability and success of the Company's conferences and other meetings are subject to external factors beyond its control.
- The Company and its subsidiary's consulting business depends on non-recurring engagements and failure to secure new engagements could lead to a decrease in its revenues.
- The Company and its subsidiary may not be able to attract and retain qualified personnel which could jeopardise the quality of products and services and future growth plans.
- If Gartner is unable to enforce and protect its intellectual property rights, Gartner's competitive position may be harmed.
- Privacy concerns could damage Gartner's reputation and deter current and potential clients from using the Company's products and services or attending its conferences.
- The Company and its subsidiary are exposed to risks related to cybersecurity.
- The Company and its subsidiary may experience outage and disruptions of their online services if they fail to maintain an adequate operation infrastructure.
- The Company and its subsidiary have grown, and may continue to grow, through acquisitions and strategic investments, which could involve substantial risks.
- The Company and its subsidiary's sales to governments are subject to appropriations and some may be terminated early.
- Gartner may not be able to maintain the equity in its brand name.
- Natural disasters, pandemics, terrorist acts, war, actions by governments, and other geological activities could disrupt the Company and its subsidiary's operations.
- The Company and its subsidiary are subject to risks from operating globally.
- The Company and its subsidiary's operating results could negatively be impacted by global economical conditions.
- The Company and its subsidiary face significant competition and failure to compete successfully could materially adversely affect their results of operation, financial condition, and cash flows.
- The Company and its subsidiary are exposed to volatility in foreign exchange rates from their international operations.
- The Company and its business could be negatively impacted by climate change.
- Failure to comply with complex laws and regulations could have a material adverse effect on the Company and its subsidiary's operations or financial condition.

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Strategic report (continued)

Properties

- Most of the Company's U.K. operations is premised on a 107,540 square foot building that opened in September 2017. The Egham lease has a term of 15 years.
- Additionally, the Company has consolidated its London operations into a 53,597 square foot premises that opened in June 2019. The London lease has a term of 10 years.

Section 172(1) statement

In discharging their duty to promote the interests of the Company under section 172, Companies Act 2006, the directors of the Company have regard to several factors and stakeholder interests. These are described below.

Long term consequences of business decisions and maintaining reputation for high standards of business conduct

The continued success of Gartner's business model described in the Company's Strategic Report is dependent upon its ability to provide the highest standards of independent and unbiased research and build long term relationships with clients and other stakeholders.

Maintenance of a reputation for high standards of business conduct is critical to both these foundational elements of the Company's success and the wider Gartner group, and forms an inherent part of the board's decision making. Gartner's policies and procedures to safeguard its reputation, which the Company actively engages in, are described in more detail below.

Stakeholder identification and engagement

The Company recognises the importance of maintaining strong relationships with its stakeholders to create sustainable, long-term value, and the board encourages active dialogue and transparency with all its stakeholder groups.

The Company has identified two external (clients and technology vendors/other service providers) and two internal (employees and shareholders) stakeholder groups which are principally relevant to the proper discharge of the duty of the directors under section 172(1) to promote the success of the Company.

2021 Overview

In 2021, the Company faced more challenges and uncertainty than ever, from the pandemic to social and geopolitical unrest, climate-driven natural disasters, supply chain pressures, shifting economic conditions and more. The Company optimised how we work and what we do in response to these changes. We decided to operate as a virtual-first company, allowing us to better serve clients by working the way they work. In addition, the Company became more agile with the research topics we cover.

Clients

Providing valuable and timely service to clients remained a top priority for us. The unprecedented levels of uncertainty of 2020 continued in 2021. In 2021, the Company continued to expand our research coverage related to core social responsibility topics and made a range of resources available to clients on sustainable business, Diversity, Equity & Inclusion ("DEI"), vaccine management and the future of work. We supported clients by:

Wider research coverage - Our insights on the social and environmental issues that matter to our clients and their businesses help them amplify their economic, social, environmental and governance impact. Our Research also helps clients create and implement effective programs that avoid common pitfalls. The Company also realises that many social and environmental issues require collective action beyond what any one organisation can do. For that reason, the Company also continued to maintain the DEI Resource Center launched in 2020 for the business community at large (no Gartner membership required), with research notes and other insights. These resources have been viewed more than 40,000 times. In 2021, the Company also established the complimentary Sustainable Business Resource Center.

Strategic report (continued)

Section 172(1) statement (continued)

Clients (continued)

Adapted Conferences - Gartner conferences are designed for IT and business executives as well as decision makers looking to adapt and evolve their organisations through disruption and uncertainty, navigate risks and prioritise investments. Attendees experience sessions led by Gartner research experts. The sessions include cutting-edge technology solutions, peer exchange workshops, one-on-one analyst and advisor meetings, consulting, diagnostic workshops, keynotes and more. Our conferences also provide attendees with an opportunity to interact with business executives from the world's leading companies.

In addition to role-specific summits and workshop-style seminars, Gartner hosts the Gartner Symposium/Xpo series, including its unique, flagship IT Symposium/Xpo, which is usually held at nine locations worldwide annually. In response to the COVID-19 pandemic, Gartner pivoted to producing virtual conferences.

During 2021, in the UK the Company produced 10 virtual Conferences (including 1 IT Symposium/Xpo, 1 Supply Chain Symposium/Xpo and 1 CIO Leadership Forum). Under the Evanta brand, the Company also hosted 8 in-person conferences, 43 virtual webinars and 2 virtual Evanta summits. Gartner's Conferences provide another opportunity for us to innovate ways to bring together our client and research communities. The Company aims to make those experiences welcoming and accessible for everyone.

Conferences in 2021 included more sessions on topics relevant to traditionally underrepresented groups, as well as on equity and inclusion. We also launched the Gartner Conferences Accessibility Ambassador Program to ensure that an Accessibility Ambassador is available at every conference to provide customised accessibility support to anyone who requests accommodations.

Employees

Our top priority has remained the health and well-being of our employees, clients and business partners. In 2021, the Company announced a hybrid virtual-first working arrangement, which provides additional flexibility to employees, enabling most of them to continue working remotely a substantial portion of the time. Our virtual-first approach has helped keep our employees safe, while providing the flexibility that comes with hybrid work. To provide teams places to gather and collaborate, and to support those whose work is better accomplished in the office, we reopened all our offices in UK, with careful adherence to governmental, health and safety guidelines.

The Company amplified its health benefits globally and has taken steps to ensure that every employee is aware of our Employee Assistance Programs. The Company also provides a number of free mental and behavioural health resources for employees and their dependents.

Talent Development, Retention and Training

2021 was the year of the Great Resignation. Although, like many companies, the Gartner Group experienced an uptick in associate turnover, the average employee tenure decreased only slightly from 5.2 years in 2020 to 5.1 years in 2021.

The Company aligns our employee programmes and initiatives to our three strategic pillars — Hire, Engage and Advance — while applying an equity lens to all that we do. The Company aims to foster a culture of lifelong learning, getting feedback and evolving. In addition to helping employees unlock their full potential through mechanisms like continuous feedback and performance appraisals, we have dedicated programs designed to develop effective leaders. Since our Sales and Research & Advisory teams make up of approximately 50% of total employees, there are formal, dedicated programs to help train and onboard new hires as well as more experienced managers and leaders within Sales and Research & Advisory.

Strategic report (continued)

Section 172(1) statement (continued)

Employees (continued)

In 2021, the Company transformed how we onboard new sales hires, so they more quickly develop the core competencies tied to sales success. This reimagined program operates in a scalable model that provides new sales hires in their first year with access to as many as 500 well-paced, just-in-time learning assets. Through these programs, we believe our teams develop role-specific knowledge and skills, increase productivity and improve performance.

The Company supports the following voluntary, employee-driven Employee Resource Groups ("ERGs") that bring employees together and fosters a diverse, inclusive and supportive workplace.

- Mosaic at Gartner focuses on underrepresented racial, ethnic and multicultural backgrounds.
- Black Employee Network supports Black employees and allies at Gartner.
- Pride at Gartner represents LGBTQ employees and allies.
- Veterans at Gartner is for those who served in the military.
- Women at Gartner focuses on advocating issues that affect women in the workplace.
- Collective Abilities Network

Two new ERGs — the Black Employee Network ("BEN") and the Collective Abilities Network ("CAN") — formed in 2021, joining the preexisting groups to create safe spaces for employees from underrepresented groups and their allies, and to inform corporate DEI initiatives, support leadership development, host events, influence benefits, raise awareness and help create workplace resources.

As of April 30, 2022, approximately 370 employees of the Company were members of at least one ERG.

ERGs also take the lead to drive volunteerism in the communities where we work. Participation in ERGs is voluntary and open to all employees. Each group has an executive sponsor on the Operating Committee who advocates for the group and amplifies its mission across Gartner Group and at the highest levels of leadership.

The Company is fully committed to closing the gender pay gap over time and we published our 2021/2022 Gender pay gap report in April 2022. As a result of our actions, we saw a year-over-year reduction in both our mean and median gender pay gap, as well as our gender bonus pay gap.

The board recognises that the Company's business model may expose individual employees to unwanted influence from, for example, vendors seeking favourable coverage. Employees are encouraged to report instances of this type and are able at any time to refer the matter to the Office of the Ombudsman. The procedures are designed to ensure that employees are provided with a protective mechanism should unwanted influence be exerted. In addition, all Gartner employees have access to a free-of-charge helpline to report any concerns on an anonymous basis.

The Company's continued investment in its human capital and strong employee engagement has led to external recognition.

- UK's Leading Management Consultants
The Company was recognised, most recently in 2022, on Financial Times (FT) UK's Leading Management Consultants list in the categories of IT Strategy, IT Technology and Communications, Innovation Growth New Business Models, Financial Institutions and Services Marketing, Branding, Pricing, Consumer Goods and Retail.
- World's Most Admired Companies
Gartner Group was recognised, most recently in 2021, on Fortune's annual list of the World's Most Admired Companies.

Strategic report (continued)

Section 172(1) statement (continued)

Employees (continued)

- Best Places to Work for LGBTQ Equality

For the seventh consecutive year, Gartner Group was recognised as a Best Place to Work for LGBTQ Equality with a top score of 100 percent for 2021 and 2022. The Corporate Equality Index (CEI) is the premier benchmarking tool on corporate policies and practices related to lesbian, gay, bisexual, transgender and queer (LGBTQ) equality, administered by the Human Rights Campaign Foundation.

Technology Vendors and other Service Providers

As part of its core research business, Gartner research analysts cover Technology Vendors and other Service Providers (collectively "vendors") that, based on the analysts' judgment, are significant participants in the markets Gartner covers, including both Gartner clients and non-clients.

Ensuring that vendors perceive Gartner as a source of trusted, unbiased research is critical to the success of the research business. In order to safeguard this reputation, the wider Gartner group maintains an independent Office of the Ombudsman to which both client and non-client vendors may submit a complaint about research, an analyst, the methodology used to create the research, or anything related to a draft or published document.

Guidance for vendors on how complaints are dealt with internally, together with Gartner's policies designed to ensure the independence and objectivity of its research, are published on the Group's website, available at <https://www.gartner.com/en/research/methodologies/independence-and-objectivity>.

The escalation of vendor complaints is dealt with, as a matter of policy, by the Office of the Ombudsman. The Office of the Ombudsman also actively solicits commentary about Gartner objectivity directly from clients, non-clients and employees and recommends process and policy improvements where applicable.

To the extent that material issues relating to the business of the Company arise, these will be reported to the board, which is responsible for ensuring that corrective action is taken where appropriate.

Shareholders

As a wholly owned subsidiary of the wider Gartner group, the board engages in regular dialogue with representatives from the Company's parent entity. The board of the Company includes directors appointed by Gartner, Inc., which enables the views of the wider Gartner group to be considered and discussed at board meetings. In addition, the board receives regular reports and updates on matters of strategic importance from members of the central finance and management teams within the wider Gartner group.

In addition to the four stakeholders, Gartner has an impact on the environment and the community, we operate in.

Environment

As a research and advisory business, the Company is not a significant consumer of natural resources, it does not create large volumes of emissions or waste, and its physical footprint is small. However, in compliance with wider Gartner group policies, the Company strives to minimise its environmental impact wherever possible and actively manages its energy consumption and waste creation.

The Company moved to purchasing 100% renewable power for the Company's headquarters in the UK. Our buildings in the UK are Building Research Establishment's Environmental Assessment Method ("BREEAM") certified. In 2021 we upgraded the Building Management Systems to include occupancy sensors, air quality sensors, and utility meter monitoring. This system gives us a real time view of energy consumption and a better control of the heating and ventilation system, enabling reduction of energy in areas of low occupancy.

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Strategic report (continued)

Section 172(1) statement (continued)

Environment (continued)

In 2021, Gartner Group also established an Environmental Sustainability Steering Committee to create, advance and oversee its environmental sustainability strategy.

Communities

The Company seeks to make a positive impact in the communities in which it operates. Throughout 2021, the Company employees gave back to and volunteered in their local communities. Some examples include:

- **Black Young Professionals (BYP)**
BYP is a community focused organisation with over 50,000 members where Black, Asian and Minority Ethnic professionals interact with relevant content, network with like-minded people, attend events, and explore career opportunities. The Company actively participated and partnered with BYP in 2021 and supported their initiatives.
- **Yes Futures**
Yes Futures is an organisation that empowers 8-to-18-year-olds to develop self-esteem and make ambitious choices. The Company continues to partner with Yes Futures and participated in its "World of Workdays" and "In the Wild Days" where our employees led various school groups through a range of outdoor activities to promote the skill sets that Yes Futures seeks to instil in the participants - Communication, Confidence, Resilience and Self-Awareness.

The Company actively promotes minority- and women-owned business enterprise ("MWBE") business vendors whenever feasible in its supply chain. Towards that goal, the Company endeavours to choose reputable suppliers which conduct their business in a manner that shows such a commitment. The Company has adopted Gartner's Supplier Code of Conduct which sets out the Gartner Group's expectations on:

- Fair labour practices
- The protection of human rights
- Privacy and data security
- Anti-bribery and anti-corruption protections
- Compliance and misconduct reporting.

By order of the board

Craig W. Safian

C Safian
Director

01 July 2022

Gartner U.K. Limited
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Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Dividends

The Company did not pay a dividend during the year (2020: £nil).

Directors

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

Alan George Miller
 Craig Safian
 Michael Lithgow (*resigned 5 April 2021*)
 Maria Reuben
 Patrick Busby

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.

Engagement with suppliers, customers and others in a business relationship with the Company

A directors' statement, summarising the Company's business relationships with suppliers, customers and others, is included in the Strategic Report.

Streamlined Energy and Carbon Reporting

This Streamlined Energy and Carbon Reporting (SECR) statement gives the Company's annual energy consumption and GHG emissions for the financial year ended 31 December 2021.

The tables below represent the Company's energy use and associated greenhouse gas (GHG) emissions in relation to activities for which the Company is responsible for across the United Kingdom (UK), including combustion of gas from building operations and fuels for business travel and emissions from the purchase of electricity by the Company for its own use.

In 2021, the Company was responsible for a total of 1,508,177 kWh (2020: 2,591,834 kWh) energy consumption (building energy and business travel in either employees owned or leased cars). Of this, 100% was consumed within the UK, and 3% is estimated as 'actual' data was unavailable for all of 2021.

Table 1: Underlying Energy Consumption

	2021 kWh	2020 kWh
Natural gas	8,205	276,788
Electricity	1,481,389	2,117,042
Business travel	18,583	198,004
Total Energy Consumption	1,508,177	2,591,834

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Directors' report *(continued)*

Table 2: Greenhouse Gas Emissions

	2021 tCO ₂ e	2020 tCO ₂ e
Scope 1		
Direct combustion of fuel from operation of properties (excluding business travel)	2	51
Scope 2		
Electricity purchased for landlord shared services and own-use (purchase of heat, steam and cooling not applicable)	315	593
Scopes 1 + 2 - Mandatory carbon footprint disclosure	317	644

Table 3: Greenhouse Gas Emissions Intensity Ratio

	2021	2020
GHG emissions per £million revenue (tCO ₂ e/£million revenue)	1.09	2.27

SECR Methodology Statement

The Company has used the main requirements of the GHG Protocol Corporate Standard (revised edition) as a basis to report GHG emissions. Data was gathered at site level to compile the carbon footprint.

- The 2020 and 2021 DEFRA UK Government Conversion Factors for GHG Company Reporting have been used to convert activity data into tCO₂e emissions.
- Business travel data was provided as the total journey mileage, which was matched to the DEFRA UK Government Conversion Factors to calculate the kWh value and associated emissions apportioned to the relevant scopes.

Energy Efficiency Actions

Due to the reduction in leased spaces, and as most office spaces were closed for the majority of 2021, the Company's primary energy efficiency action in 2021 was to upgrade the BMS system in its Egham office to include occupancy and air quality sensors. This linked into the mechanical, electrical, and plumbing (MEP) systems to give a better control and efficiency of MEP plant usage. This was an item which was identified in the Phase 2 ESOS/Article 8 energy audit report.

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Directors' report *(continued)*

Political contributions

The Company made no political contributions during the year (2020: *£nil*).

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, Chartered Accountants will therefore continue in office.

By order of the board

Craig W. Safian

C Safian
Director

01 July 2022

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.



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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 2021 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 2021 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.

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 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.

Strategic report and directors' report

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

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

Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in 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.



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

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

Auditor's responsibilities

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

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

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

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

Maurice McCann – senior statutory auditor
for and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place, St. Stephen's Green
Dublin D02 DE0

1 July 2022

Gartner U.K. Limited
Directors' report and financial statements
For the year ended 31 December 2021

Profit and Loss Account

for the year ended 31 December 2021

	<i>Note</i>	2021 £000	2020 £000
Turnover	2	288,679	283,950
Administrative expenses	3	(295,869)	(298,737)
Other operating income		22,132	23,674
Operating profit		<u>14,942</u>	<u>8,887</u>
Interest receivable and similar income	7	41	100
Interest payable and similar expenses	8	(1,085)	(756)
Profit before taxation		<u>13,898</u>	<u>8,231</u>
Tax on profit	9	1,036	1,389
Profit for the financial year		<u><u>14,934</u></u>	<u><u>9,620</u></u>

The notes on pages 19 to 36 form part of these accounts.

Gartner U.K. Limited
 Directors' report and financial statements
 For the year ended 31 December 2021

Statement of Other Comprehensive Income

for the year ended 31 December 2021

	2021 £000	2020 £000
Profit for the year	14,934	9,620
Other comprehensive loss		
<i>Items that may or may not be reclassified to profit or loss:</i>		
Effects of currency translation adjustments	(91)	(82)
Other comprehensive loss for the year, net of income tax	(91)	(82)
Total comprehensive income for the year	14,843	9,538

The notes on pages 19 to 36 form part of these accounts.

Gartner U.K. Limited
Directors' report and financial statements
For the year ended 31 December 2021

Balance Sheet

at 31 December 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Tangible assets	10		21,639		26,405
Lease right-of-use assets	11		46,967		39,105
Investments	12		10,012		10,012
			<u>78,618</u>		<u>75,522</u>
Debtors: amounts falling due after one year	13		3,388		1,308
Current assets					
Debtors: amounts falling due within one year	13	217,877		196,975	
Cash at bank and in hand		157		142	
		<u>218,034</u>		<u>197,117</u>	
Current creditors					
Lease liabilities – current	11	(4,276)		(3,970)	
Other amounts falling due within one year	14	(177,538)		(169,258)	
		<u>(181,814)</u>		<u>(173,228)</u>	
Net current assets			36,220		23,889
Total assets less current liabilities			<u>118,226</u>		<u>100,719</u>
Non-current creditors					
Lease liabilities – non-current	11	(53,721)		(45,443)	
Other amounts falling due after one year	15	(3,576)		(3,311)	
			<u>(57,297)</u>		<u>(48,754)</u>
Net assets			<u>60,929</u>		<u>51,965</u>
Capital and reserves					
Called up share capital	18		11,187		11,187
Share premium			743,226		743,226
Merger reserve			(723,103)		(723,103)
Share reserve			(7,669)		(2,634)
Profit and loss account			37,288		23,289
Shareholders' funds			<u>60,929</u>		<u>51,965</u>

The notes on pages 19 to 36 form part of these accounts.

These financial statements were approved by the board of directors on 20 June 2022 and signed on its behalf on 01 July 2022 by:

Craig W. Safian

C Safian

Director

Company registered number 02266016

Gartner U.K. Limited
Directors' report and financial statements
For the year ended 31 December 2021

Statement of Changes in Equity

for the year ended 31 December 2021

	Called up share capital £000	Share Premium £000	Merger Reserve £000	Profit and loss account £000	Share reserve £000	Total equity £000
Balance at 1 January 2020	11,187	743,226	(723,103)	14,768	1,976	48,054
Retained profit for the financial year	-	-	-	9,620	-	9,620
Foreign currency translation	-	-	-	(82)	-	(82)
Share based payment charge	-	-	-	-	(4,610)	(4,610)
Repayment of Parent's contribution for share based payment	-	-	-	(1,017)	-	(1,017)
Balance at 31 December 2020	11,187	743,226	(723,103)	23,289	(2,634)	51,965
Retained profit for the financial year	-	-	-	14,934	-	14,934
Foreign currency translation	-	-	-	(91)	-	(91)
Share based payment charge	-	-	-	-	(5,035)	(5,035)
Repayment of Parent's contribution for share based payment	-	-	-	(844)	-	(844)
Balance at 31 December 2021	11,187	743,226	(723,103)	37,288	(7,669)	60,929

The notes on pages 19 to 36 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, tangible fixed assets and intangible assets;
- certain disclosures under IFRS 15 *Revenue from Contracts with Customers*;
- certain disclosures under IFRS 16 *Leases*;
- disclosures in respect of related party transactions;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel;
- a statement of compliance with IFRSs (a statement of compliance with FRS 101 is provided instead);
- additional comparative information for narrative disclosures and information, beyond IFRS requirements; and
- disclosures in relation to the objectives, policies and process for managing capital.

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 on www.investor.gartner.com and also on www.sec.gov, and may also be obtained by making written request to Investor Relations Department, Gartner, Inc., 56 Top Gallant Road, PO Box 10212, Stamford, CT 06904-2212 U.S.A. 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 disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;

Notes (continued)

1 Accounting policies (continued)

- 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.

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 carrying amount and fair value less cost to sell.

1.2 Going concern

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons.

The Company's business results, together with principal risk and uncertainties likely to affect its future development, performance and position, are set out in the business review on pages 1-8. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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, and are reported on a net basis.

The assets and liabilities of branches denominated in foreign currencies 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 or losses arising on these translations are included in other comprehensive income or losses.

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.

Notes (continued)

1 Accounting policies (continued)

1.4 Non-derivative financial instruments (continued)

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.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.5 Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Forward contracts

The Company has foreign exchange transaction risk, since it typically enters into transactions that are denominated in foreign currencies which differ from the local functional currency. The Company enters into short-term foreign currency forward exchange contracts to mitigate the economic effects of these foreign currency transaction risks. These contracts are accounted for at fair value with realised and unrealised gains and losses recognised in Other Expense, net since the Company does not designate these contracts as hedges for accounting purposes.

1.6 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.

1.7 Intangible assets

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.

Notes (continued)

1 Accounting policies (continued)

1.8 Impairment

Financial assets (including trade and other debtors)

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 expected credit loss ("ECL") model, as required under IFRS 9 *Financial Instruments*. 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 recognised.

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 recognised 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.

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.

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.

Notes (continued)

1 Accounting policies (continued)

1.9 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 the 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.

1.10 Turnover

The Company recognises revenue when performance obligations have been satisfied.

Research revenues are mainly derived from subscription contracts for research products. The related revenues are deferred and recognised ratably over the applicable contract term (i.e., as the services are provided over the contract period), generally a twelve-month period or longer. Cancellations have not been significant. All contracts are billable at signing, except in certain limited cases when special terms are granted. It is the Company's policy to record the amount of a subscription contract that is billable as a fee receivable at the time the contract is signed with a corresponding amount as deferred revenue because the contract represents a legally enforceable claim.

Publication and other non-subscription service revenues are recognised on the date of publication or completion of service.

Revenues from conferences attendees and exhibitors are recognised as the related performance obligations are satisfied (i.e., when the related activity is held).

Revenues from consulting engagements are recognised as work is delivered or services provided and are evaluated on a contract-by-contract basis.

Additionally, the Company has various licensing agreements with its group companies, which requires payments that provide the Company with a return in accordance with internationally accepted arm's length standards. Revenue is recognised when the Company has the right to receive payment under the terms of the licensing agreements.

1.11 Leases

In accordance with IFRS 16 *Leases*, the Company assesses whether a contract is, or contains, a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For facility leases, the Company has elected not to separate non-lease components and account for both the lease and non-lease components as a single lease component. The Company recognises a right-of-use asset and a lease liability at the lease commencement date for all leases including short-term leases. The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets including office equipment and other assets unless they are part of the facility lease arrangements and share reasonably similar characteristics.

Notes (continued)

1 Accounting policies (continued)

1.11 Leases (continued)

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate as the Company's lease agreements do not provide implicit interest rates. The incremental borrowing rate is calculated for each individual lease and represents the rate of interest that the Company would have to pay to borrow on a collateralised basis over a similar term an amount equal to the lease payment in a similar economic environment. The lease liability is remeasured when there is a change in future lease payments. At remeasurement, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1.12 Expense

Commission expense

The Company records the related commission obligation upon signing of the contract. Certain commissions are capitalised as a recoverable direct incremental cost of obtaining the underlying contract. For research and consulting, the Company amortises deferred commissions on a systematic basis that aligns with the transfer to customers of the services to which the commissions relate. For conferences, deferred commissions are expensed during the period when the related conference or meeting occurs.

1.13 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 or loss, in which case it is recognised directly in equity or other comprehensive income or loss.

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.

(i) Customer contract assets and liabilities

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

	31 December 2021 £000	31 December 2020 £000
Assets:		
Trade debtors and accrued income, gross	61,466	57,406
Contract asset (1)	770	763
Loss allowance	(486)	(448)
	<u>61,750</u>	<u>57,721</u>
Contract Liabilities:		
Current deferred revenue	104,767	102,602
Non-current deferred revenue	1,995	1,828
	<u>106,762</u>	<u>104,430</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.

During the year ended 31 December 2021, the Company recognised £95,243,000 of revenue (2020: £65,091,000) that was attributable to deferred revenue that was recorded at the beginning of the year. As of 31 December 2021, the Company recorded a total of £486,000 loss allowance (2020: £448,000) for contract assets (see Note 1.8 for impairment accounting policy).

(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 and consulting, the Company amortises deferred commissions on a systematic basis that aligns with the transfer to customers of the services to which the commissions relate. For conferences, deferred commissions are expensed during the period when the related conference or meeting occurs.

At 31 December 2021, the balance of prepaid commissions was £27,831,000 (2020: £17,914,000) in connection with costs to obtain or fulfil contracts with customers. During the year ended 31 December 2021, the Company recognised £35,469,000 amortisation expense (2020: £33,546,000) on commissions and £4,299,000 impairment (2020: £192,000).

Gartner U.K. Limited
Directors' report and financial statements
For the year ended 31 December 2021

Notes (continued)

3 Expenses and auditor's remuneration

	2021 £000	2020 £000
<i>Included in profit / loss are the following:</i>		
Depreciation of tangible fixed assets (see Note 10)	5,248	6,458
Depreciation on ROU assets (see Note 11)	4,492	4,399
Amortisation of intangible fixed assets	-	250
Auditor's remuneration – audit of these financial statements	38	38
	<u>38</u>	<u>38</u>

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 2021	2020
Research & Operations	786	865
Sales & Marketing	609	591
Administration & Support	189	199
	<u>1,584</u>	<u>1,655</u>

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	159,906	165,649
Social security costs	22,566	22,056
Contributions to defined contribution plans	8,885	9,260
	<u>191,357</u>	<u>196,965</u>

5 Directors' remuneration

	2021 £000	2020 £000
Directors' remuneration	932	570
Company contributions to money purchase pension plans	39	14
	<u>971</u>	<u>584</u>

The remuneration of the highest paid director was £344,000 (2020: £384,000), and company pension contributions of £19,000 (2020: £nil) were made to money purchase scheme on this director's behalf.

	Number of directors 2021	2020
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	4
	<u>3</u>	<u>4</u>

Notes (continued)

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 £8,885,270 (2020: £9,260,231).

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 current Long Term Incentive Plan as amended and restated in January 2019 (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 £2,761,000 for the year ended 31 December 2021 (2020: £2,511,000).

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
	2021	2021	2020	2020
Unvested at the beginning of the year	62	-	63	-
Granted	33	-	28	-
Transferred in	3	-	-	-
Forfeited or expired	(2)	-	(5)	-
Released	(26)	-	(24)	-
	<hr/>		<hr/>	
Unvested at the end of the year	70	-	62	-
	<hr/>		<hr/>	

Gartner U.K. Limited
 Directors' report and financial statements
 For the year ended 31 December 2021

Notes *(continued)*

7 Other interest receivable and similar income

	2021 £000	2020 £000
Group loan interest receivable	39	55
Bank interest	2	32
Other interest receivable	-	13
	<u>41</u>	<u>100</u>

8 Interest payable and similar expenses

	2021 £000	2020 £000
Discounted provisions, unwinding of discount	98	96
Bank charges	77	84
Net foreign exchange loss	910	576
	<u>1,085</u>	<u>756</u>

Gartner U.K. Limited
Directors' report and financial statements
For the year ended 31 December 2021

Notes (continued)

9 Taxation

Recognised in profit and loss account	2021 £000	2021 £000	2020 £000	2020 £000
UK corporation tax				
Current tax on income for the year	957		18	
Adjustments in respect of prior years	-		(2,432)	
		957		(2,414)
Foreign tax				
Current tax on income for the year	5		88	
Adjustment in respect of prior years	-		(7)	
		5		81
Total current tax		962		(2,333)
Deferred tax (see Note 19)				
Origination and reversal of temporary differences	(691)		638	
Adjustment in respect of prior years	(86)		306	
Effect of deferred tax rate change	(1,221)		-	
Total deferred tax		(1,998)		944
Tax on profit		(1,036)		(1,389)
Reconciliation of effective tax rate				
	2021 £000		2020 £000	
Profit for the year	14,934		9,620	
Total tax	(1,036)		(1,389)	
Profit excluding taxation	13,898		8,231	
Tax using the UK corporation tax rate of 19% (2020: 19%)	2,641		1,564	
Effects of:				
Non-deductible expenses	(738)		(806)	
Share based payments	(557)		(530)	
Group relief surrender/(claim) for nil consideration	(914)		(716)	
Corporate interest restriction - deferred tax asset not recognised	-		1,144	
Foreign tax suffered	5		81	
Over provided in prior years	(86)		(2,126)	
Effect of deferred tax rate change	(1,387)		-	
	(1,036)		(1,389)	

In July 2020, law was enacted that the UK corporation tax rate would remain unchanged at 19% from 1 April 2020. In the March 2021 budget, the government announced that the UK corporation tax rate will increase to 25% from 1 April 2023.

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Notes *(continued)*

10 Tangible fixed assets

	Short leasehold improvements	Computers and office equipment	Fixtures, fittings and telephone equipment	Total
	£000	£000	£000	£000
Cost				
Balance at 1 January 2021	27,874	7,554	8,316	43,744
Additions	-	595	82	677
Disposals	(97)	(3,079)	(603)	(3,779)
Balance at 31 December 2021	27,777	5,070	7,795	40,642
Depreciation				
Balance at 1 January 2021	7,915	5,830	3,594	17,339
Charge for the year	2,681	1,120	1,447	5,248
Disposals	(30)	(2,957)	(597)	(3,584)
Balance at 31 December 2021	10,566	3,993	4,444	19,003
Net book value				
At 31 December 2021	17,211	1,077	3,351	21,639
At 1 January 2021	19,959	1,724	4,722	26,405

Notes (continued)

11 Leases

The Company's leasing activities are primarily for facilities under cancellable and non-cancellable lease agreements expiring during 2021 and through September 2032. The Company also leases certain equipment and other assets, which either are of low-value, or are part of the facility lease arrangements, share similar characteristics and therefore are treated as part of facility leases.

(i) Lease right-of-use assets and liabilities

Facility lease right-of-use assets

	2021 £000	2020 £000
Balance at 1 January	39,105	43,999
Additions	12,551	144
Depreciation charge for the year	(4,492)	(4,399)
Remeasurement	(174)	-
Terminations	(23)	(639)
Balance at 31 December	46,967	39,105

Facility lease liabilities

Maturity analysis – contractual undiscounted cash flows

	2021 £000	2020 £000
Less than one year	7,807	6,812
One to five years	33,474	31,866
More than five years	33,550	39,560
Total undiscounted lease liabilities at 31 December	74,831	78,238
Current	4,276	3,970
Non-current	53,721	45,443
Included in the balance sheet at 31 December	57,997	49,413
Weighted-average incremental borrowing rate applied	5.4%	5.9%
Cash outflows		
Principal repayments	6,216	3,994
Termination penalty	16	240
Total cash outflows	6,232	4,234

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Notes (continued)

11 Leases (continued).

(ii) Amounts recognised in profit and loss account

	2021 £000	2020 £000
Interest expense on lease liabilities (included in administrative expenses)	3,006	2,986
Expenses relating to low-value leases (included in administrative expenses)	51	102

12 Fixed asset investments

	Shares in group undertakings £000
<i>Cost</i>	
At 1 January and 31 December 2021	10,012
<i>Provisions</i>	
At 1 January and 31 December 2021	-
<i>Net book value</i>	
At 31 December 2021	10,012
At 31 December 2020	10,012

The Company had an interest in the following entity at the period end:

	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
CEB Global Limited (in dissolution process)	England	Tamesis, The Glanty, Egham, TW20 9AH	Research & Advisory	100%	Ordinary

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Notes (continued)

13 Debtors

	2021 £000	2020 £000
Trade debtors	48,148	44,331
Amounts owed by group undertakings	120,210	111,205
Other debtors	244	359
Deferred tax asset (see Note 16)	3,802	1,698
Corporation tax recoverable	6,017	5,230
Prepayments and accrued income	42,844	35,460
	<u>221,265</u>	<u>198,283</u>
Due within one year	217,877	196,975
Due after more than one year		
Deferred tax asset	3,366	1,305
Prepayments and accrued income	12	-
Other debtors	10	3
	<u>3,388</u>	<u>1,308</u>

14 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	1,777	2,877
Amounts owed to group undertakings	3,146	2,643
Other creditors	17,921	10,023
Taxation and social security	15,158	21,548
Accruals and deferred income	139,536	132,167
	<u>177,538</u>	<u>169,258</u>

15 Creditors: amounts falling after more than one year

	2021 £000	2020 £000
Accruals and deferred income	3,576	3,311
	<u>3,576</u>	<u>3,311</u>

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16 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets are attributable to the following:

	2021 £000	2020 £000
Tangible fixed assets	832	483
Share-based payments	2,534	822
Tax losses	-	26
Provisions	436	367
Deferred tax assets	<u>3,802</u>	<u>1,698</u>

Movement in deferred tax during the year

	1 January 2021 £000	Adjustments in respect of prior years £000	Recognised in income £000	Recognised in equity £000	31 December 2021 £000
Tangible fixed assets	483	86	263	-	832
Share based payments	822	-	1,607	105	2,534
Tax losses	26	-	(26)	-	-
Provisions	367	-	69	-	436
	<u>1,698</u>	<u>86</u>	<u>1,913</u>	<u>105</u>	<u>3,802</u>

Movement in deferred tax during the prior year

	1 January 2020 £000	Adjustments in respect of prior years £000	Recognised in income £000	Recognised in equity £000	31 December 2020 £000
Tangible fixed assets	405	24	54	-	483
Share based payments	1,389	-	477	(1,044)	822
Tax losses	1,324	(330)	(968)	-	26
Provisions	568	-	(201)	-	367
	<u>3,686</u>	<u>(306)</u>	<u>(638)</u>	<u>(1,044)</u>	<u>1,698</u>

Notes (continued)**17 Derivative financial instruments**

As of 31 December 2021, the Company has 11 (2020: 11) short-term foreign currency forward exchange contracts outstanding with notional contract amount of £3,200,796 (2020: £1,932,376). The fair value of the liability at the end of the year is £9,469 (2020: £6,418). All of the outstanding contracts at 31 December 2021 matured by the end of January 2022.

Fair values of derivative financial instruments

IFRS 7 and IFRS 13 provides a framework for the measurement of fair value and a valuation hierarchy based upon the transparency of inputs used in the valuation of assets and liabilities. Classification within the hierarchy is based upon the lowest level of input that is significant to the resulting fair value measurement. The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The fair values of derivative financial instruments by class shown in the balance sheet are as follows:

	Fair value 2021 £000	Fair value 2020 £000
IFRS 9 categories of financial instruments designated as fair value through profit or loss		
Foreign currency forwards	(9)	(6)
Total financial liabilities at fair value through profit or loss	(9)	(6)

The Company enters into foreign currency forward exchange contracts to hedge the effects of adverse fluctuations in foreign currency exchange rates. Valuation of the foreign currency forward contracts is based on foreign currency exchange rates in active markets, which the Company considers a Level 2 input.

18 Capital and reserves**Share capital**

	2021 £000	2020 £000
Allotted, called up and fully paid		
11,187,425 (2020: 11,187,425) Ordinary shares of £1 each	11,187	11,187

Notes (continued)

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

20 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 (1.8) – 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 (1.8) – 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 (1.9) – 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;
- 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;
- Lease accounting: Note 1 (1.11) – In determining the lease term, the Company makes a judgement whether it is reasonably certain to exercise extension options. Additionally, the application of the incremental borrowing rate involves estimates and assumptions.