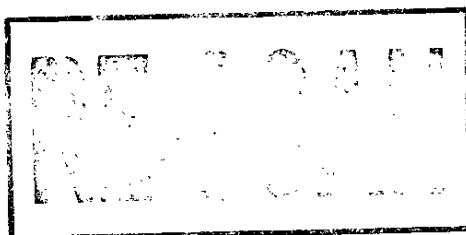


Behavioural Insights Ltd

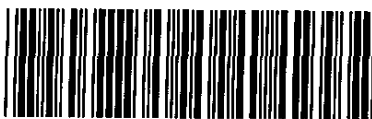
Report and Financial Statements
Year ended 31 March 2018

Company Number 08567792 (England and Wales)



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Behavioural Insights Ltd
General Information
Year ended 31 March 2018

Directors	Peter Holmes (Non-executive Chairman) Janet Baker (Non-executive Director) Nathan Elstob (Non-executive Director) David Halpern (Chief Executive Officer) Simon Ruda (EBT Director) Owain Service (Managing Director) Ian West (Finance Director)
Registered office	4 Matthew Parker Street London SW1H 9NP
Registered number	08567792
Independent auditor	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD
Principal Bankers	Lloyds Bank plc 25 Gresham Street London EC2V 7HN

Chairman's message

I have great pleasure in presenting to you the annual report of Behavioural Insights Ltd (the "Company") and its subsidiaries ("BIT" or the "Group") for the 12 months to 31 March 2018, as we continue to focus on achieving social impact via the application of behavioural sciences to real world policy problems.

The year has been an eventful one, with the business continuing to grow in a number of territories and the scale of social impact achieved.

In the area of education and skills, we released the final reports for the Behavioural Research Centre for Adult Skills and Knowledge (ASK), one of BIT's largest partnerships to date, summarising the results of 23 projects focusing on numeracy and literacy in England. The team also ran related trials on teacher recruitment, school collaboration, apprenticeships, technical education and careers advice. An additional and important area of focus going forward is a program on nurturing 'essential life skills' in education, being conducted with the Educational Endowment Fund and Early Intervention Foundation, and funded by the Department for Education.

BIT's work on consumers, economic growth and energy continues to break new ground. We extended our Financial Capability Lab partnership with the Money Advice Service, taking some of the most exciting ideas out of the Lab and into the field. We are now in discussions with financial institutions, retailers, government departments, charities and academic organisations to develop the partnerships that will test and operationalise Intervention ideas in 'real world' contexts. In addition, we have significantly expanded our work on regulation and productivity – working with the Department for Business, Energy & Industrial Strategy on the Government's Industrial Strategy and Consumer Green Papers; with the UK Civil Service on various areas of organisational behaviour; and with the Department for International Trade on applying behavioural insights to exporting. We also launched a major two-year programme with the Government Equalities Office to apply behavioural science to improve gender equality in the workplace and beyond.

In 2017/18 we broadened the range of our health projects. We focused on the national scaling of our work that reduced referrals to overburdened NHS services; launched an intervention to increase GP recruitment; started a project on improving antibiotic prescribing in hospitals; and worked with a troubled NHS trust to improve its incident reporting practices. At a local level, we have worked with local authorities across the country to improve adult social care; reduce sugar consumption in schools; help increase physical activity levels and much more.

This year BIT North, BIT UK's regional office in Manchester, focused on building our relationships with partners across Greater Manchester and delivering our programme of work for the Greater Manchester Combined Authority (GMCA). We completed work on childhood flu immunisation; council tax collection; exporting; and employment support. We have also worked with Wirral Council and Wigan Council on projects in the field of waste management and recycling.

In Home Affairs, our intervention that reduced dangerous driving is being scaled with six Police forces in the UK and Australia. Work with key partners, including the Dawes Trust, continues, as has development of interventions in some of the most challenging areas of policy, including missing young people, domestic violence and child sexual exploitation.

Internationally, we have seen the conclusion of our longest running and potentially one of the most impactful BIT trials to date, observing a large increase in medical adherence among tuberculosis patients in Moldova. We won a major contract with the Department for International Development, opening a new range and scale of opportunities to achieve social impact, and expanded into new markets and policy challenges in Europe and the Middle East.

BIT continues its expansion of operations outside of the UK, growing operations in Australia, North America, Singapore and New Zealand.

We were delighted that the Government of New South Wales – one of our longest standing non-UK government commissioners of our services – decided, as part of an open competition, to renew our contract with them. 38% of group revenues now come from non-UK offices.

The year saw the continued growth of our teams in Australia and New Zealand and an expansion of our work program. We addressed a range of social and economic challenges, and maximised our impact by feeding directly into policy design and service delivery. Our work contributed to policy changes relating to the design of financial incentives in the Australian labour market and the spread of evidence-based practices to improve hospital discharge across New South Wales.

Our Australia and New Zealand teams have expanded their breadth of policy areas, tackling challenges such as youth unemployment and alcohol misuse, obesity, emergency management and young people's use of technology. We are also increasingly focused on economic issues, from improving consumer decisions and financial capability, to reducing gender discrimination in the workplace and changing commuter behaviours so as to reduce burdens on transport infrastructure. In addition, we have deepened our capability building work, for example by developing and delivering bespoke training courses for public servants across New South Wales and Victoria.

In Singapore we conducted a range of training courses including with the Ministry of Education, Ministry of Culture, Communities and Youth and a new in depth practitioner programme with the Public Service Division. We were pleased to renew our contract with the Singapore Prime Minister's Office and we began new partnerships with the Ministry of Health and Ministry of Social Development and Families. We worked on a wide range of projects on financial adequacy, helping people save more for healthcare costs and retirement, informing choices at retirement age and encouraging people to pay off debts faster.

In 2017/18 BIT North America continued its core operations, running tens of projects with government partners across the USA. Notable developments include working with Casey Family Programs to bring insights from behavioural science to bear on child welfare outcomes and system design. We also expanded our work in Canada, helping Ontarians plan for retirement, exploring the role of behavioural science in charitable giving nationally, and helping improve proper waste disposal. We are delighted to announce that we will continue to work with Bloomberg Philanthropies, with whom we have been partnered since 2015, over the next three years.

Further afield, our work in the humanitarian sphere connected children displaced through conflict to early childhood development resources. We also piloted interventions that reduced tolerance for corporal punishment among school teachers in Tanzania; a program of work we continue to refine and scale.

In the last 12 months, we have grown BI Ventures' portfolio of products and services. Predictiv, our platform that runs online randomised controlled trials, moved out of its pilot phase and has enjoyed strong demand from a range of organisations looking to generate evidence rapidly in different social impact settings. We have now run close to 30 online trials with client organisations including HM Treasury, GMCA, Ofgem, the Money Advice Service and financial services organisations. Predictiv was a semi-finalist for the OECD's Innovation in Government award.

This year, we launched Promptable, a student support platform which scales SMS-based interventions that are proven to improve student attendance, attainment and motivation. The platform is currently used in 32 FE Colleges and, there will be 60 paying institutions subscribing from September 2018.

We also started to pilot Test+Build, a digital platform that enables organisations to run their own randomised controlled trials and design their own behaviourally-informed communications. Finally, Be Applied Ltd ("Applied"), an online recruitment platform designed by BIT to enable organisations to remove implicit bias from their hiring processes, raised a second tranche of investment in October 2017. The platform is now used by over 30 paying customers, with over 35,000 candidates assessed. Over the coming year, we will continue to build and scale these and other products that have the potential for significant social impact.

For a more detailed overview of our work please review our latest update report, accessible via our website.

BIT is part-owned by its employees and the employee voice is evident in both strategic direction and decision-making within the company. The Employee Forum, a cross-company group that connects all employees to the Board and major decisions that are made within the company, works alongside the Employee Benefits Trust (the trust which holds the employees' shareholding in BIT) to ensure that the employee voice continues to be heard.

On a personal note, the year ends with an element of sadness as I step down as Chairman after four years in the seat. I wish my successor all the very best in moving the BIT group on to achieve further success.

Financial review

Revenues for the year amounted to £14.1m (2017 - £10.5m) of which £5.3m (2017 - £3.6m) is from work carried out by the overseas offices.

Our principal costs relate to the employment of our staff. These are set out in detail in note 4 to the accounts.

Fees paid to our auditors for non-audit work amounted to £35,140 (2017 - £23,442).

The effective tax rate for the year was 32% (2017 - 41%). Further details of the tax charge can be found in note 6 of the financial statements.

A strong financial performance in 2016/17 enabled us to declare to our shareholders a dividend of £39.85 per ordinary share post year end amounting to £398,516 which included a dividend of £89,666 which the EBT waived, the equivalent amount being reserved for future employee benefit. Another strong year in 2017/18 has enabled us to declare to our shareholders a dividend of £39.53 per ordinary share post year end amounting to £395,300.

Principal risks and uncertainties

The risks and uncertainties described below are considered, at this point in time, to have the greatest effect on the Group's strategic objectives. This list is not intended to be exhaustive. The Group identifies risks to the organisation and prioritises them by impact and likelihood of occurrence, as well as identifying mitigations. The Group monitors risk, through its executive team and periodically reports to the Audit Committee.

Commercial, financial and operational

BIT remains, substantially, a day-rate consultancy from a financial perspective. As such, the key commercial risks are:

- a. Pricing: Optimal rate-cards achieved with clients
- b. Sales mix: Achieving the right balance of higher-margin and higher-social impact (and possibly lower margin) work
- c. Resource allocation: Achieving utilisation targets
- d. Project Management: Accurate project planning and limiting project over-runs
- e. Credit exposure: Customers may be unable to pay debts on the specified due date

Many of these risks are mitigated via the monthly Board Pack reviewed by the Board and the Senior Management Team. Monthly orders received, project over-runs, trade debtor balances and office utilisation levels are all monitored on a monthly basis. Pricing and sales mix strategy is reviewed periodically to ensure that we are achieving the right balance of business, delivered at competitive rates.

Other financial risks exist, as they do in all businesses, around control (contract mismanagement, fraud and working capital management), planning (materially inaccurate budgets/forecasts) and reporting (e.g. misstated management reports). To mitigate these risks BIT has continued to invest in the Operations team in 2017/18 and will continue to do so in 2018/19.

People

The Group's current and future success is reliant on having the right people with the right capabilities. Increased competition may impact the Group's ability to attract and retain key talent. This could adversely affect the delivery of strategic objectives.

The Group mitigates this risk in several ways:

- Using the Applied recruitment tool (<https://www.beapplied.com>) to ensure that we hire the people with the best skills for the job;
- In collaboration with University College London, sponsoring several students undertaking PhDs in behavioural science, to strengthen our relationship with academic institutions and access a strong pipeline of future hires;
- Strengthening our employee engagement, as more fully described in "Employee involvement" on page 10 of the Directors' Report;
- A bi-annual survey is undertaken to measure staff engagement and identify any areas for further management attention.

Political and competition

BIT is an unusual organisation in that it is a private company overtly built to do public good, and owned and overseen by social purpose investors (majority owned by the UK government and the innovation charity Nesta). As such our work has to be directed at social impact, whilst being commercially viable.

The consultancy market in which we operate is very competitive. Whilst the Group has benefited from being the world's first specialist consultancy applying behavioural insights to public policy, new "market players" are emerging that offer somewhat similar services to BIT. These range from small to medium specialist consultancies to big management consultancies seeking to offer their clients behavioural advice. This can be seen practically in the UK government's new multi supplier Behavioural Insights procurement framework, in which suppliers range from research and academic institutions to global consultancies. Increased competition and capacity in the market could have an adverse financial impact on the Group. The Group's competitive advantages include the fact that it was built to serve governments, its brand and its innovations in products and services. Failure to retain these advantages or react quickly to competitor changes could have an adverse financial impact on the Group.

To mitigate these risks:

- The Group actively monitors political developments. The Group also continues to actively diversify its client base to ensure that it is not overly reliant on clients from a particular sector or jurisdiction;
- The Group seeks to rapidly respond to any such activity that may impact its ability to grow the business and competitor activity is monitored, enabling strategic decision making;
- The Group continually seeks to improve its Research and Development capability (see "Research and Development" on page 9 of the Directors' Report) to maintain its role at the cutting edge of applying behavioural insights to policy and to move into new areas to diversify and differentiate its offering.

Regulatory and compliance

There is a continual need to keep well informed and adapt to (as required) any legislative or regulatory changes across the jurisdictions in which the Group operates. Failure to comply with legislative and regulatory requirements (or interpretations thereof), such as data protection laws and regulation or employment law could have an adverse reputational and financial impact. Like any business, the Group faces both external cyber threats and internal risks to its data and systems. A security breach could negatively impact the Group's reputation and have an adverse operational and financial impact.

The Group has a General Counsel to advise on legal issues and developments, and to monitor compliance with formal regulatory requirements and during the period has carried out a review of data protection policies in light of the regulatory changes resulting from the General Data Protection Regulation which apply in the UK from 25 May 2018. It also utilises external legal advisers both in the UK and overseas in the jurisdictions in which the Group operates, who assist in keeping the Group informed of any changes or new legislation and to assist the Group in developing appropriate responses to such legislation.

The Group also has put in place technical and organisational measures designed to minimise and manage data security risks. It has both internal resource and an external information technology provider that monitor threats and ensure that the design, implementation and operation of the Group's systems are secure. In addition, during the period the BIT has obtained Cyber Essentials Plus Certification (a certification developed as part of the UK's National Cyber Security Programme).

Approval

This Strategic Report was approved by order of the Board of Directors on 10 July 2018 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'P H & S'.

Peter Holmes
Chairman

The Directors present their report together with the financial statements for the year ended 31 March 2018.

Principal activity

The principal activity of the Group is set out in the Strategic Report.

Directors

The Directors who held office during the period were:

Janet Baker, Non-executive Director
Nathan Elstub, Non-executive Director (appointed 16 October 2017)
Helen Goulden, Non-executive Director (resigned 13 October 2017)
David Halpern, Chief Executive Officer
Peter Holmes, Non-executive Chairman
Simon Ruda, EBT Director (appointed 26 July 2017)
Owain Service, Managing Director
Ian West, Finance Director

Board Committees and membership

The Board delegates certain of its functions to two Board Committees, the Remuneration and Appointments Committee and the Audit Committee, to enable it to carry out its functions effectively.

Janet Baker is the Chairman of both the Remuneration and Appointments Committee and the Audit Committee and the other members are Nathan Elstub and Peter Holmes. All members are Non-Executive Directors.

The key responsibilities of each Board Committee are as follows:

Remuneration and Appointments Committee:

- Review and approving policies for the remuneration of the Executive Directors,
- Considering any proposals from the Executive Directors regarding the allocation of dividends, shares, options and similar rights between employees by the EBT;
- Establishing and reviewing staff compensation policies for senior members of staff;
- Evaluating and considering the recommendations for nomination of Directors (other than the Non-Executive Directors); and
- Succession planning for senior executives and the Board.

Audit Committee:

- The integrity of the financial statements,
- The Group's risk management systems and internal control and the effectiveness of the Group's internal audit function and its activities,
- The Group's relationship with the external auditors, including:
 - their independence and objectivity;
 - the effectiveness of the external audit process;
 - recommending the appointment, re-appointment or removal of the external auditors;
 - approving their remuneration and terms of engagement; and
 - the policy regarding the supply of non-audit services.

Directors' Attendance at Board and Board Committee meetings

Details of the Directors' attendance at Board and Board Committee meetings are set out in the table below:

Director	Board (Maximum 14)	Audit Committee (Maximum 3) ^[1]	Remuneration and Appointments Committee (Maximum 3) ^[1]
Janet Baker, Non-Executive Director	14/14	3/3	3/3
Helen Goulden, Non-Executive Director	8/8	2/2	2/2
Nathan Elstub, Non-Executive Director	6/6	1/1 ^[2]	1/1
David Halpern, Chief Executive Officer	14/14	3/3	3/3
Peter Holmes, Non-Executive Chairman	14/14	3/3	3/3
Simon Ruda, EBT Director	6/7	1/1	1/1
Owain Service, Managing Director	14/14	2/3	3/3
Ian West, Finance Director	14/14	3/3	3/3

Notes:

- ^[1] David Halpern, Simon Ruda, Owain Service and Ian West were not members of the Audit Committee or Remuneration and Appointments Committee - attendance by invitation only.
- ^[2] Trevor Richards deputised for Nathan Elstub
- Helen Goulden could attend a maximum of 8 Board, 2 Audit Committee and 2 Remuneration Committee meetings and resigned effective 13th October 2017.
- Nathan Elstub could attend a maximum of 6 Board, 1 Audit Committee and 1 Remuneration Committee meetings and was appointed effective 16th October 2017.
- Simon Ruda could attend a maximum of 7 Board, 1 Audit Committee and 1 Remuneration Committee meetings and was appointed effective 26th July 2017.

Qualifying third party indemnity provisions

The Group has put in place qualifying third party indemnity provisions for all of the Directors of the Behavioural Insights Ltd.

Dividends

Dividends of £395,300 (2017 - £398,516) were declared post year end to all shareholders.

Information on the recommended ordinary dividend has been included in the Strategic Report on page 5.

Research and development

In the last year the Group has continued to conduct primary research in the vein of previous years, particularly randomised controlled trials, and our academic output remains consistent. In the last year, we have invested in work in data science, and particularly the use of machine learning techniques to predict future events from large quantities of novel data. We published a report containing 7 exemplars in this area, showing high social impact examples of what can be achieved in this space. In the coming year, we will continue to expand this area, while beginning to explore the development of new psychometric tests.

Financial risk management

Details of financial risks posed to the Group and how these are identified, mitigated and monitored are included within the Strategic Report.

Future developments

Information on likely future developments in the business of the Group has been included in the Strategic Report on pages 3 to 7.

Post balance sheet events

There have been no events since the balance sheet date to disclose.

Existence of branches and subsidiaries of the Company outside of the United Kingdom

The Group continues to service its US and Canadian clients through its subsidiary company in New York, USA and to deliver contracts with clients in the Asia Pacific region through its subsidiaries based in Australia, Singapore and New Zealand.

Employee involvement

The Group places a high value on maintaining strong employee involvement. Regular briefing and team meetings are held providing employees with information on matters of concern to them as employees, including the financial and economic factors affecting the performance of the Group. The Group undertakes a staff survey to canvas views on significant matters and as part of the 360 degree appraisal system, staff are asked to provide anonymous feedback to their line manager. The Group also has an Employee Forum which serves as a channel of communication and action between employees and senior management and, through an observer attending the Group's Board, employees and the Group's Directors.

22.5% of the Company's shares are held by the EBT for the benefit of employees. During the year the Company appointed two employee representative Directors to the Board of the EBT Trustee, Behavioural Insights Trustee Company Ltd. One of these individuals (Simon Ruda) was appointed as the EBT's representative Director on the Company's Board. These changes have strengthened the employee input into key organisational decisions, particularly around the EBT shareholding.

Auditors

All of the Directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Company's auditor is unaware.

The auditors, BDO LLP, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

Approval

This Directors' Report was approved by order of the Board of Directors on 10 July 2018 and signed on its behalf by



Peter Holmes
Chairman

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' report, the Strategic 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 Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Behavioural Insights Ltd

Independent auditors' report to the shareholders of Behavioural Insights Ltd
Year ended 31 March 2018

Opinion

We have audited the financial statements of Behavioural Insights Ltd ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2018 which comprise of the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Behavioural Insights Ltd

Independent auditors' report to the shareholders of Behavioural Insights Ltd (continued)
Year ended 31 March 2018

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Behavioural Insights Ltd

Independent auditors' report to the shareholders of Behavioural Insights Ltd (continued)

Year ended 31 March 2018

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Mark Hutton (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Guildford

Date: 10 July 2018

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

Behavioural Insights Ltd
Consolidated Statement of Comprehensive Income
Year ended 31 March 2018

	Notes	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Turnover	2	14,069,370	10,522,590
Cost of sales		(7,990,018)	(6,198,335)
Gross profit		6,079,352	4,324,255
Administrative expenses		(4,273,296)	(3,372,872)
Other operating income		144,595	34,634
Operating profit	3	1,950,651	986,017
Interest receivable and similar income		1,186	2,920
Interest payable and similar charges		(109)	-
Gain on disposal of subsidiary undertaking	10	-	59,730
Share of loss for the year in associate undertakings	10	-	(27,026)
Profit on ordinary activities before taxation		1,951,728	1,021,641
Taxation on profit on ordinary activities	6	(634,191)	(414,510)
Profit for the financial year		1,317,537	607,131
Exchange differences on retranslation of subsidiary undertakings		(135,404)	59,071
Contribution to Employee Benefit Trust		-	22,500
Total other comprehensive (loss)/income		(135,404)	81,571
Total comprehensive income for the year		1,182,133	688,702

The notes on pages 21 to 37 form part of these financial statements.

Behavioural Insights Ltd
Consolidated Statement of Financial Position
Year ended 31 March 2018

	Notes	£	2018 £	£	2017 ⁽¹⁾ £
Fixed assets					
Tangible assets	9		620,413		672,118
Investments	10		-		-
Current assets					
Debtors	11	5,441,547		4,421,553	
Investments	12	38,569		1,888,331	
Cash at bank		2,191,777		1,071,955	
		<u>7,671,893</u>		<u>7,381,839</u>	
Creditors: amounts falling due within one year	13	<u>(4,139,497)</u>		<u>(4,765,626)</u>	
Net current assets			<u>3,532,396</u>		<u>2,616,213</u>
Total assets less current liabilities			<u>4,152,809</u>		<u>3,288,331</u>
Creditors: amounts falling due after more than one year	14		(166,036)		(198,611)
Provisions for liabilities	15		(49,214)		(25,444)
Net assets			<u>3,937,559</u>		<u>3,064,276</u>
Capital and reserves					
Called up share capital	16		100		100
Share premium account			64,935		64,935
Shares held by Employee Benefit Trust	17		(22,500)		(22,500)
Profit and loss account			3,895,024		3,021,741
			<u>3,937,559</u>		<u>3,064,276</u>

The notes on pages 21 to 37 form part of these financial statements.

⁽¹⁾ The comparatives above have been restated, refer to 'restatement of prior year balances' within note 1.

These financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 10 July 2018.



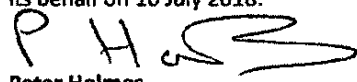
Peter Holmes
Chairman

Behavioural Insights Ltd
Company Statement of Financial Position
At 31 March 2018
Company registration number 08567792

	Notes	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	9		586,830		640,198
Investments	10		135,094		135,094
			<u>721,924</u>		<u>775,292</u>
Current assets					
Debtors	11	4,479,188		3,908,829	
Investments	12	-		1,846,578	
Cash at bank		1,196,513		440,131	
		<u>5,675,701</u>		<u>6,195,538</u>	
Creditors: amounts falling due within one year	13	<u>(3,102,539)</u>		<u>(3,920,985)</u>	
Net current assets			2,573,162		2,274,553
Total assets less current liabilities			<u>3,295,086</u>		<u>3,049,845</u>
Creditors: amounts falling due after more than one year	14		(166,036)		(175,490)
Provisions for liabilities	15		(48,510)		(22,050)
Net assets			<u>3,080,540</u>		<u>2,852,305</u>
Capital and reserves					
Called up share capital	16		100		100
Share premium account			64,935		64,935
Shares held by Employee Benefit Trust	17		(22,500)		(22,500)
Profit and loss account			3,038,005		2,809,770
			<u>3,080,540</u>		<u>2,852,305</u>

The notes on pages 21 to 37 form part of these financial statements. The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The parent company's profit for the year was £537,085 (2017 - £440,891).

These financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 10 July 2018.


Peter Holmes
Chairman

Behavioural Insights Ltd
Consolidated Statement of Cash Flows
Year ended 31 March 2018

	2018	2017
	£	£
Cash flows from operating activities		
Profit for the financial year	1,317,537	607,131
Adjustments for:		
Depreciation of tangible assets	223,548	148,697
Loss on disposal of tangible fixed assets	4,580	6,265
Gain on disposal of fixed asset investments	-	(59,730)
Impairment of fixed asset investments	-	13,245
Share of operating loss in associate	-	27,026
Interest received	(1,186)	(2,920)
Interest paid	109	-
Taxation expense	634,191	414,510
Increase in debtors	(1,532,540)	(966,603)
(Decrease)/Increase in creditors	(61,160)	(880,069)
Contribution to Employment Benefit Trust	-	22,500
Foreign exchange	(132,244)	57,592
Cash from operations	452,835	(612,356)
Corporation tax paid	(695,419)	(602,294)
Net cash flow from operating activities	(242,584)	(1,214,650)
Investing activities		
Interest received	1,186	2,920
Payments to acquire tangible fixed assets	(179,583)	(709,789)
Payments to acquire fixed asset investments	-	(100,001)
Payments to acquire current asset investments	(38,569)	(1,888,331)
Receipts from maturity of current asset investments	1,888,331	2,084,070
Net cash flow from investing activities	1,671,365	(611,131)
Financing activities		
Equity dividends paid	(308,850)	(206,532)
Interest paid	(109)	-
Net cash flow from financing activities	(308,959)	(206,532)
Increase/(Decrease) in cash and cash equivalents	1,119,822	(2,032,313)
Cash and cash equivalents at 1 April 2017	1,071,955	3,104,268
Cash and cash equivalents at 31 March 2018	2,191,777	1,071,955

Behavioural Insights Ltd
Consolidated Statement of Changes in Equity
Year ended 31 March 2018

	Called up share capital	Share premium	Shares held by Employee Benefit Trust	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2016	100	64,935	(22,500)	2,539,571	2,582,106
Comprehensive income for the year					
Profit for the year	-	-	-	607,131	607,131
Other comprehensive income	-	-	-	81,571	81,571
Total comprehensive income for the year	-	-	-	688,702	688,702
Contributions by and distributions to owners					
Equity dividends paid (see note 7)	-	-	-	(206,532)	(206,532)
At 31 March 2017	100	64,935	(22,500)	3,021,741	3,064,276
Comprehensive income for the year					
Profit for the year	-	-	-	1,317,537	1,317,537
Other comprehensive loss	-	-	-	(135,404)	(135,404)
Total comprehensive income for the year	-	-	-	1,182,133	1,182,133
Contributions by and distributions to owners					
Equity dividends paid (see note 7)	-	-	-	(308,850)	(308,850)
At 31 March 2018	100	64,935	(22,500)	3,895,024	3,937,559

Behavioural Insights Ltd
Company Statement of Changes in Equity
Year ended 31 March 2018

	Called up share capital	Share premium	Shares held by Employee Benefit Trust	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2016	100	64,935	(22,500)	2,626,255	2,668,790
Comprehensive income for the year					
Profit for the period	-	-	-	440,891	440,891
Other comprehensive income	-	-	-	(50,844)	(50,844)
Total comprehensive income for the period	-	-	-	390,047	390,047
Contributions by and distributions to owners					
Equity dividends paid (see note 7)	-	-	-	(206,532)	(206,532)
At 31 March 2017	100	64,935	(22,500)	2,809,770	2,852,305
Comprehensive income for the year					
Profit for the year	-	-	-	537,085	537,085
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	537,085	537,085
Contributions by and distributions to owners					
Equity dividends paid (see note 7)	-	-	-	(308,850)	(308,850)
At 31 March 2018	100	64,935	(22,500)	3,038,005	3,080,540

1. Accounting policies

Company information

Behavioural Insights Limited is a private company limited by shares incorporated in England. The registered office is 4 Matthew Parker Street, London, SW1H 9NP.

Basis of accounting

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The financial statements are presented in Sterling (£).

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Parent company disclosure exemptions

The parent company has taken advantage of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The consolidated financial statements present the results of Behavioural Insights Ltd and all its subsidiary undertakings ('the Group') drawn up to 31 March each year as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Entities, other than subsidiary undertakings, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

In the parent company financial statements, investments in subsidiaries and associates are accounted for at cost less impairment.

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements or estimates:

- Determine whether contractual arrangements are sufficiently certain to justify the accrual of value of work undertaken on projects commenced in anticipation of formal contractual arrangement being finalised.
- Determine whether the Employee Benefit Trust should be considered to be under the control or de facto control of the parent company. The judgement that the parent company does exert de facto control has resulted in the Employee Benefit Trust's assets and liabilities being recognised on the parent company's balance sheet.

Tangible fixed assets

Tangible fixed assets are stated at historical cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than those received in-kind, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

- Leasehold improvements - The life of the lease (from when the lease is signed)
- Office equipment, fixtures and fittings - Three to five years
- Computer hardware - Three years
- Computer software - Three to five years or the life of the license

Turnover

Turnover is accounted for on a receivable basis in the year to which it relates. Income is stated net of VAT. Income from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date, income represents the value of the service provided to date based on a proportion of the total contract value. This proportion is determined by the value of work done at the balance sheet date compared to total value of work expected over the life of the contract. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year. Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses.

Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Taxation

Current tax, including UK corporate tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they were recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

1. Accounting policies (continued)

Pension costs

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Company

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Group

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

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Holiday pay accrual

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use in the next financial year. The provision is measured at the salary cost payable for the period of absence.

Provision for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Dividends

Equity dividends are recognised when they become legally payable or when approved by the Board of the Directors.

Research and development

Costs of research and development work undertaken under contract for clients are matched with income and on the same basis as referred to the accounting policies for turnover and Government grants. The Group also undertakes primary research in the field of behavioural science with a view to developing its own knowledge base and promoting its competence in specific areas. Such costs are accounted for as normal operating expenditure and are charged to profit or loss in the period they are incurred.

1. Accounting policies (continued)

Shares held by Employee Benefit Trust (EBT)

The cost of the parent company's shares held by the EBT is deducted from equity in the parent company's balance sheet under the heading 'Shares held by EBT'. Any cash received by the EBT on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the EBT are recognised as assets and liabilities of the parent company.

Financial Instruments

Financial assets and financial liabilities are initially measured at transaction price and subsequently held at amortised cost, less any impairment.

Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- Shares held by the Employee Benefit trust represent the cost of the shares of the Company held by the employee benefit trust.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Restatement of prior year balances

In the prior year financial statements the Group's deferred tax asset of £43,525, included within debtors, and corporation tax creditor of £7,046, included within creditors due within one year, were both understated by an amount of £711,334. This was due to a late adjustment to the US tax computation relating to income deferred over a period of more than one year, resulting in additional tax payable of £711,334. The comparatives for the statement of financial position have been restated. This is a timing difference only and there is no impact on net current assets, net assets or the profit for the year.

The restated balances are included in note 6, 11 and 13.

2. Turnover

	2018	2017
	£	£
Analysis by geographical location:		
United Kingdom	7,101,521	6,161,473
Rest of Europe	81,921	77,188
Rest of the world	6,885,928	4,283,929
	<u>14,069,370</u>	<u>10,522,590</u>

	2018	2017
	£	£
Analysis by category:		
Contract/project income	12,463,224	8,738,030
Grant income	1,606,146	1,784,560
	<u>14,069,370</u>	<u>10,522,590</u>

3. Operating profit

The operating profit is stated after charging/ (crediting)

	2018	2017
	£	£
Depreciation of tangible fixed assets	223,548	148,697
Loss on disposal of tangible fixed assets	4,580	6,265
Fees payable to the Company's auditor for the audit of the Company's annual accounts	29,835	27,955
Fees payable to the Company's auditor for other services:		
Taxation compliance services	8,490	9,353
Taxation advisory services	26,650	14,089
Difference on foreign exchange	41,169	(71,963)
Operating lease expense		
Property	618,007	412,189
Office equipment	11,324	5,949

As detailed in the Directors' Report on page 9, the Group engages in research and development ("R&D"). The principal costs incurred by the Group relating to R&D relate to the employment of our staff which are set out in detail in note 4.

4. Staff costs

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Wages and salaries	7,114,914	5,517,250	4,462,759	3,767,251
Social security costs	677,342	530,995	517,934	429,725
Other pension costs	438,570	334,819	270,943	236,825
	<u>8,230,826</u>	<u>6,383,064</u>	<u>5,251,636</u>	<u>4,433,801</u>

Defined contribution pension schemes are operated by the Group for employees (UK and overseas). The assets of the schemes are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group to the funds and amounted to £438,570 (2017 - £334,819). Contributions amounting to £6,671 (2017 - £131,890) were payable to the funds and are included in creditors.

The average number of employees during the period was as follows:

	2018	2017
	Number	Number
Directors	4	3
Advisors	103	82
Operations	19	12
	<u>126</u>	<u>97</u>

5. Directors' remuneration

Remuneration for the Group's Directors as set out below:

2018	Basic pay	Bonus pay	Other remuneration	Total remuneration	Company pension contributions	Total 2018
	£	£	£	£	£	£
David Halpern ⁽¹⁾	134,320	-	-	134,320	9,402	143,722
Owain Service	113,883	-	208	114,091	7,972	122,063
Ian West	106,575	9,851	208	116,634	7,460	124,094
Peter Holmes	40,000	-	-	40,000	-	40,000
Janet Baker	-	-	-	-	-	-
Helen Goulden ⁽²⁾	-	-	-	-	-	-
Nathan Elstob ⁽³⁾	-	-	-	-	-	-
Simon Ruda ⁽⁴⁾	54,400	7,506	-	61,906	3,808	65,714
Total	449,178	17,357	416	466,951	28,642	495,593

2017	Basic pay	Bonus pay	Other remuneration	Total remuneration	Company pension contributions	Total 2017
	£	£	£	£	£	£
David Halpern	157,500	-	-	157,500	11,025	168,525
Owain Service	109,061	-	34	109,095	7,634	116,729
Ian West	103,750	7,988	205	111,943	7,262	119,205
Peter Holmes	40,000	60,000	-	100,000	-	100,000
Janet Baker	-	-	-	-	-	-
Helen Goulden	-	-	-	-	-	-
Total	410,311	67,988	239	478,538	25,921	504,459

There were 4 (2017 – 3) directors in the Group's defined contribution pension scheme.

⁽¹⁾ From April 2017, David Halpern reduced his contracted working hours with the Company by one day a week and as a result, his basic pay has been reduced accordingly.

⁽²⁾ Director until 13 October 2017

⁽³⁾ Director from 16 October 2017

⁽⁴⁾ Remuneration from date appointed as a Director (26 July 2017)

6. Taxation

	2018	<i>Restated</i> 2017
	£	£
UK corporation tax		
Current tax on profits for the year	81,616	53,495
Adjustments in respect of previous periods	5,391	7,788
Double taxation relief	-	(749)
Over/(Under) provision of current year tax	2,255	(1,154)
	<u>89,262</u>	<u>59,380</u>
Foreign tax		
Current tax on foreign income for the year	(114,001)	1,060,780
Adjustments in respect of previous periods	18,298	3,675
Over provision of foreign tax	-	2,009
Total current tax	<u>(6,441)</u>	<u>1,125,844</u>
Deferred tax		
Origination and reversal of timing differences	685,250	(694,932)
Adjustments in respect of prior periods	(32,572)	(28)
Effect of tax rate change on opening balance	-	1,167
(Under) provision of deferred tax	(12,046)	(17,541)
Total deferred tax	<u>640,632</u>	<u>(711,334)</u>
Taxation on profit on ordinary activities	<u>634,191</u>	<u>414,510</u>

6. Taxation (continued)

The tax assessed for the year is higher than (2017 – higher than) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2018	Restated 2017
	£	£
Profit on ordinary activities before tax	1,951,728	1,021,640
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017 – 20%)	370,828	204,329
Effects of:		
Differences in foreign tax rates	279,303	155,531
Expenses not deductible for tax purposes	18,465	60,972
Income not taxable for tax purposes	(11,449)	(9,959)
Foreign tax credits	-	1,157
Adjustments in respect of prior periods	(8,883)	5,470
Deferred tax not recognised	-	10,302
Other deferred tax movements	-	3,394
Losses eliminated	(3,864)	-
Other movements	(418)	-
(Under) provision of tax	(9,791)	(16,686)
Total tax charge for the period	634,191	414,510

The Group comparative has been restated for the effect of the change in deferred tax asset and corporation tax. For further details refer to 'Restatement of prior year balances' within note 1.

Deferred tax

The deferred tax included in the balance sheet is as follows:

	2018	2017
	£	£
Included in debtors (note 11)	111,537	754,859
Included in provisions for liabilities (note 15)	(704)	(3,394)
	110,833	751,465
		£
At 1 April 2017		751,465
Deferred tax charge in consolidated statement of comprehensive income		(640,632)
At 31 March 2018		110,833

The deferred tax balance consists of accelerated capital allowances of £42,674 and short term timing differences of £153,507.

7. Dividends

	2018 £	2017 £
Paid during the year of £39.85 (2017 - £59.01) per share	308,850	206,532
Declared post year end of £39.53 (2017 - £39.85) per share	395,300	398,516

The proposed final dividend has not been accrued for as the dividend was declared after the balance sheet date. In the prior year, the EBT waived its right to the dividend but it is included within the total dividend declared comparative above.

8. Parent company profit for the year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The parent company's profit for the year was £537,085 (2017 - £440,891).

9. Tangible fixed assets

Group	Leasehold improvements £	Computer hardware £	Computer software £	Office equipment £	Total £
Cost					
At 1 April 2017	451,667	271,733	27,474	104,004	854,878
Additions	56,486	48,669	59,591	14,837	179,583
Disposals	-	(43,864)	(9,724)	(219)	(53,807)
Foreign exchange movement	-	(2,249)	-	(1,601)	(3,850)
At 31 March 2018	508,153	274,289	77,341	117,021	976,804
Depreciation					
At 1 April 2017	70,025	84,357	9,246	19,132	182,760
Charge for the period	99,069	90,118	9,687	24,674	223,548
On disposals	-	(41,956)	(7,243)	(29)	(49,228)
Foreign exchange movement	-	(342)	-	(347)	(689)
At 31 March 2018	169,094	132,177	11,690	43,430	356,391
Net book value					
At 31 March 2018	339,059	142,112	65,651	73,591	620,413
At 1 April 2017	381,642	187,376	18,228	84,872	672,118

Behavioural Insights Ltd
Notes to the financial statements (continued)
Year ended 31 March 2018

9. Tangible fixed assets (continued)

Company	Leasehold improvements £	Computer hardware £	Computer software £	Office equipment £	Total £
Cost					
At 1 April 2017	451,667	249,068	27,474	85,523	813,732
Additions	56,486	37,855	57,051	8,549	159,941
Disposals	-	(43,864)	(9,722)	-	(53,586)
At 31 March 2018	508,153	243,059	74,803	94,072	920,087
Depreciation					
At 1 April 2017	70,025	80,880	9,246	13,383	173,534
Charge for the period	99,069	81,686	9,576	18,591	208,922
On disposals	-	(41,957)	(7,242)	-	(49,199)
At 31 March 2018	169,094	120,609	11,580	31,974	333,257
Net book value					
At 31 March 2018	339,059	122,450	63,223	62,098	586,830
At 1 April 2017	381,642	168,188	18,228	72,140	640,198

10. Fixed asset investments

Group	Investment in associates £	Total £
Cost		
At 1 April 2017 and 31 March 2018	40,271	40,271
Share of retained (losses)		
At 1 April 2017 and 31 March 2018	(27,026)	(27,026)
Impairment		
At 1 April 2017 and 31 March 2018	13,245	13,245
Net book value		
At 31 March 2018	-	-
At 1 April 2017	-	-

Interests in associates

At 31 March 2018 the Group had interests in the following associates:

Associates	Type of shares held	Proportion held (%)	Country of incorporation	Registered office	Nature of business
Be Applied Limited	Preference	35	United Kingdom	114 Whitechapel High Street, London, E1 7PT, UK	Product & service development

Be Applied Limited, became an associate in the prior year. As part of the restructuring of Applied's shareholding, the Group disposed of 50% of the net assets for £Nil consideration. The disposal is analysed as follows:

Net assets disposed of:	2017
Creditors	(59,730)
Gain on disposal	59,730
Consideration	-

Restructuring in the year ended 31 March 2018 has led to a further reduction in shareholding of 15%. The Group still considers Be Applied Limited to be an associate.

10. Fixed asset investments (continued)

Company	Investment in subsidiaries £	Total £
Cost		
At 1 April 2017 and 31 March 2018	135,094	135,094
Net book value		
At 31 March 2018	135,094	135,094
At 1 April 2017	135,094	135,094

Interests in subsidiaries

At 31 March 2018 the Group had interests in the following subsidiaries:

Subsidiaries	Type of shares held	Proportion held (%)	Country of incorporation	Registered office	Nature of business
Behavioural Insights Trustee Company Ltd	Ordinary	100	United Kingdom	4 Matthew Parker Street, London, SW1H 9NP, UK	Employee benefits
Behavioural Insights (US) Inc.	Ordinary	100	United States of America	195 Montague Street 14 th Floor, Brooklyn, NY 11201	Consultancy
Behavioural Insights Ventures Ltd	Ordinary	100	United Kingdom	4 Matthew Parker Street, London, SW1H 9NP, UK	Product & service development
BI Ventures Ltd	Ordinary	100	United Kingdom	4 Matthew Parker Street, London, SW1H 9NP, UK	Dormant
Behavioural Insights (Singapore) Pte Ltd	Ordinary	100	Singapore	331 North Bridge Road, 188720, Singapore	Consultancy
ACN 613 066 541 Pty Ltd trading under Behavioural Insights (Australia)	Ordinary	100	Australia	Level 13, 9 Hunter Street, Sydney NSW, 2000, Australia	Consultancy
Behavioural Insights (New Zealand) Limited	Ordinary	100	New Zealand	115 Tory Street, Wellington, 6011, New Zealand	Consultancy

11. Debtors

	Group		Company	
	2018	Restated 2017	2018	2017
	£	£	£	£
Trade debtors	3,080,474	2,460,132	2,084,365	1,897,930
Prepayments and accrued income	1,959,953	1,049,193	1,154,984	768,091
Other debtors	289,583	157,369	18,906	122,114
Amounts owed by group undertakings	-	-	1,219,585	1,099,721
Deferred tax asset	111,537	754,859	1,348	20,973
	5,441,547	4,421,553	4,479,188	3,908,829

All amounts shown under debtors for Group and Company fall due within one year except the deferred tax asset recognised in respect of timing differences and an amount for the Group of £63,809 being a rental bond held by a third party, included within other debtors. The deferred tax asset was recognised in respect of unused tax losses that are available for offset against future taxable profits of the subsidiary in which the losses arose and short term timing differences arising on remuneration and other trading activity.

The Group comparative for deferred tax asset has been restated. For further details refer to 'Restatement of prior year balances' within note 1.

12. Current asset investments

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Fixed term cash deposits	38,569	1,888,331	-	1,846,578
	38,569	1,888,331	-	1,846,578

Current asset investments comprise of fixed term cash deposits with fixed interest rates which mature within 12 months of the balance sheet date.

13. Creditors

Amounts falling due within one year

	2018	Group Restated 2017	2018	Company 2017
Trade creditors	366,728	250,494	349,463	202,565
Corporation tax	144,603	718,380	69,291	-
Social security and other taxes	726,630	262,881	598,351	156,376
Accruals and deferred income	2,897,030	3,396,665	2,083,598	1,447,841
Other creditors	4,506	137,206	1,836	117,648
Amounts owed to group undertakings	-	-	-	1,996,555
	4,139,497	4,765,626	3,102,539	3,920,985

Included within social security and other taxes due within one year is an amount of £13,047 (2017 - £8,184) (SGD 24,011 (2017 - SGD 14,225)) in respect of Singaporean GST which is secured against a deposit of SGD 20,000.

The Group comparative for corporation tax has been restated. For further details refer to 'Restatement of prior year balances' within note 1.

14. Creditors

Amounts falling due after more than one year

	2018	Group 2017	2018	Company 2017
Accruals and deferred income	166,036	198,611	166,036	175,490
	166,036	198,611	166,036	175,490

15. Provisions for liabilities

Group	Deferred tax (note 6) £	Dilapidations provision £	Total £
Cost			
At 1 April 2017	3,394	22,050	25,444
Charged to profit or loss	(2,690)	26,460	23,770
At 31 March 2018	704	48,510	49,214

Behavioural Insights Ltd
Notes to the financial statements (continued)
Year ended 31 March 2018

15. Provisions for liabilities (continued)

Company	Dilapidations provision £	Total £
Cost		
At 1 April 2017	22,050	22,050
Charged to profit or loss	26,460	26,460
At 31 March 2018	<u>48,510</u>	<u>48,510</u>

The dilapidations provision has been recognised in respect of reinstatement costs on rental property occupied by the Group. The recognition of the provision is in accordance with the current length of terms on the lease agreement. The provision recognised for deferred tax relates to accelerated capital allowances and short term timing differences arising on remuneration and other trading activity. The provision is expected to be substantially released within the next year.

16. Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid		
3,500 Ordinary A shares of £0.01 each	35	35
3,000 Ordinary B shares of £0.01 each	30	30
3,500 Ordinary C shares of £0.01 each	35	35
	<u>100</u>	<u>100</u>

The A, B and C Ordinary shares have the same rights and privileges save that no dividend shall be paid to the B and C Ordinary shareholders within three years of the 4 February 2014 unless such dividend is made in contemplation of the Company being wound up for any reason other than insolvency.

17. Shares held by Employee Benefit Trust (EBT)

The EBT was established at the time the parent company commenced trading. The EBT has a corporate trustee, Behavioural Insights Trustee Company Ltd. The Directors of the trustee Company were Peter Holmes, Janet Baker, Helen Goulden, who all resigned during the year and Peter Hinchliffe, Hannah Burd and Simon Ruda, who were all appointed during the year. The EBT has been established to hold shares for the benefit of the employees of the Group. As at 31 March 2018 2,250 (2017 - 2,250) Ordinary C shares of £0.01 were held by the EBT which were purchased for consideration of £10 per share (giving rise to share premium of £9.99 per share).

18. Financial instruments

The Group and the Company have the following financial instruments:

	2018	Group 2017	2018	Company 2017
Financial assets measured at amortised cost:				
Cash and fixed term deposits	2,230,346	2,960,286	1,196,513	2,286,709
Trade and other debtors	3,370,057	2,617,501	2,103,271	2,020,044
Amounts owed by group undertakings	-	-	1,219,585	1,099,721
	5,600,403	5,577,787	4,519,369	5,406,474
Financial liabilities measured at amortised cost:				
Trade and other creditors	371,234	387,700	351,299	320,213
Accruals	1,039,771	1,023,464	760,026	775,233
Amounts owed to group undertakings	-	-	-	1,996,555
	1,411,005	1,411,164	1,111,325	3,092,001

19. Commitments under operating leases

The Group and the Company had future minimum lease payments under non-cancellable operating leases as at the balance sheet date as set out below:

	2018	Group 2017	2018	Company 2017
Within one year	736,443	595,970	457,898	456,078
In two to five years	1,203,224	1,406,060	984,727	1,401,598
	1,939,667	2,002,030	1,442,625	1,857,676

20. Related party transactions

The following transactions took place between the Group and Nesta, one of the joint controlling shareholders of the Group.

	2018 £	2017 £
Income received from Nesta	126,624	236,856
Purchases of goods and services from Nesta	-	(27,510)
Dividends paid to Nesta	(119,555)	-

At 31 March 2018 there was an amount receivable of £86,378 (2017 - £121,355) owed from Nesta.

The following transactions took place between the Group and Be Applied Ltd ('Applied'), an associate of the Group.

	2018 £	2017 £
Purchases of goods and services from Applied	7,500	9,630
Write off of loan	78,502	-

At 31 March 2018 there was an amount receivable of £Nil (2017 - £83,624) owed from Applied.

The Group has taken advantage of section 33.1A of FRS 102 and has not included transactions between members of the group, where the subsidiaries involved are all wholly owned.

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £889,389 (2017 - £897,433) for the year.

Transactions with directors

The directors received dividends in aggregate on the same terms as the other shareholders of £49,815 (2017 - £Nil).

21. Statement of ultimate controlling party

In the opinion of the Directors, there is no ultimate controlling party of Behavioural Insights Ltd.